

CITY OF DAVENPORT, IOWA

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**Prepared by:
Finance Department
Accounting Division**

Front Cover: Fairmount Branch Library

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

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November 29, 2007

Honorable Mayor, Members of the City Council
and Citizens
Davenport, Iowa

State law requires that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and that their financial condition and their transactions be examined annually by the Auditor of State or by a certified public accountant. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Davenport for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Eide Bailly LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The results of the City's Single Audit for the fiscal year ended June 30, 2007 provided no instances of material weaknesses in the internal control over compliance or significant violations of applicable laws, regulations, contracts and grants. These reports are available in the City's separately issued Single Audit Report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Davenport, the principal city of eastern Iowa and the county seat of Scott County, is located on the Iowa bank of the Mississippi River approximately midway between the cities of Des Moines and Chicago. The City is the third largest city in Iowa. Davenport, named after Colonel George Davenport, was originally settled in 1808, making it one of the oldest cities in the upper Midwest. Incorporated in 1836, Davenport continues as one of the four remaining special charter cities in Iowa. Davenport is the major city of the Quad-City Metropolitan Area, which includes three counties located in two states. The area includes Scott County, Iowa and Rock Island and Henry Counties in Illinois. The major communities, apart from Davenport, include the cities of Bettendorf, Iowa and Rock Island, Moline and East Moline in Illinois. The Davenport-Rock Island-Moline Metropolitan Statistical Area (MSA) had an official 2000 population of 359,062. Davenport had a 2000 population of 98,359.

The City operates under the Mayor-Council form of government. The mayor and ten council members are elected on a non-partisan basis every two years. Eight council members are elected by ward. The mayor and two remaining council members are elected at-large. A professional City Administrator is appointed by the Council.

The City provides a full range of services including police and fire protection; solid waste collection; construction and maintenance of streets, sewers and bridges; sewage collection and treatment; culture and recreation; mass transportation; planning and zoning; and general administrative services.

For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. The GASB has set forth criteria to be considered in determining financial accountability. The City of Davenport does not include any component units within its reporting entity. See Note 1A in the notes to the financial statements for more specific information on reporting entity.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council in March each year for the fiscal year beginning the following July 1. The State of Iowa requires the passage of an annual budget of total City operating expenditures by major program categories after public hearing. Activities of the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Funds are included in the annual appropriated budget. Project-length financial plans are also adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total program level. As a result of this program structure used for the legally-adopted budget, legal compliance (total budget-to-actual appropriations) is demonstrated in one schedule which combines all funds and is in the required supplementary information section of this report (GASB Statement 41). The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget.

Factors Affecting Financial Condition

The information presented in the financial statements may be better understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy. Historically, the economic strength of the Quad-Cities has been dependent upon the manufacturing of farm and construction equipment. During the early 1980s, with multiple plant closings and layoffs, unemployment reached a high in Davenport of 12 percent. After reaching this peak in 1983, unemployment rates have declined. This reduction in unemployment is attributed, in part, to the growth in the area of professional and nonprofessional services. The Davenport-Rock Island-Moline MSA 2007 unemployment rate (through nine months) of 4.2% was slightly lower than the nation (4.7%). The total number of jobs in the MSA has grown the past two years, and of the 210,740 persons in the labor force in 2007, 201,879 were employed, which is indicative of the economic diversification that has occurred. Major employment in the area includes the health care, retail, meat packing and food processing, aluminum, and industrial and agricultural equipment sectors in addition to government, education and utilities. Employment levels at the City's largest employers remained remarkably stable during the economic downturn nationally following 9/11 and several are implementing plans to add jobs and make

capital investment, including Deere & Company, Kraft/Oscar Mayer, Sears Manufacturing and M. A. Ford Manufacturing.

A continuation of economic development efforts is reflected in steady property tax base growth. Market value growth averaged 6.1 percent annually over the last ten fiscal years ending in FY 2007. In addition, building permit activity for commercial and residential projects which occurred in FY 2007 was at or above the last ten-year annual average. Tax base composition is diverse, consisting of 46 percent residential, 43 percent commercial, 6 percent utility and 5 percent industrial properties. The tax base is not concentrated; the largest taxpayer accounts for 5.2 percent of total value and the remaining nine leading taxpayers account for just 7.1 percent of taxable value. More detailed information on permits and principal taxpayers can be found in the statistical section of this report.

Current economic development activity has diversified to expand beyond a focus on the downtown. In August 2001 the State of Iowa approved a \$20 million grant to the City as part of the \$113 million River Renaissance on the Mississippi project. River Renaissance is a collection of major improvements and renovations downtown and on the riverfront, including: the Figge Art Museum, the New Ventures Center, the River Music Experience, the River Music Skybridge, the Adler Theatre Stage Expansion and Downtown Parking. Scott County, Iowa assisted with a \$5 million grant subsequent to a special referendum at which 73 percent of voters favored the bond issue. All of the River Renaissance projects are now completed. This has spurred additional investments to Downtown Davenport including One Renaissance Plaza, a new \$14 million, 90,000-square-foot, Class A office facility in the downtown and approximately 200 loft apartments constructed in the old warehouse district. In addition, two major corporations, AT&T (previously Cingular) and eServ, a Perot Systems Company have committed to new facilities in Davenport. AT&T will be occupying a 75,000 square foot facility and bring 510 jobs with a total payroll of \$11 million. eServe will be constructing a new building valued at \$5.95 million providing at least 105 new positions for a total of 275 jobs. Approximately 100 engineering jobs will be created with an average annual wage of \$61,000 per year.

Budget Challenges. Recent years' budget processes have faced the many challenges presented by the current local, state and national economies, including: state-shared revenue reductions; loss of investment income due to lower returns in the current markets; state-mandated increases in public safety pension costs; increasing costs of health care; and increasing costs of liability and property insurance.

The General Fund includes most of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights and administration.

The City's General Fund receives approximately 75 percent of its revenue from property taxes. The State of Iowa allows a maximum levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy. The City has been at the maximum levy rates since 1984 and 1986, respectively. Also, growth limitations are imposed on the City's property tax base by the State, including the residential property rollback. The 1995 phase out of property taxes on machinery and equipment reduced the City's property tax base by \$82 million from FY 2000 through FY 2004. The State has also exempted gas and electric utilities from property tax, and while a replacement tax was revenue neutral for three years, the future of replacement taxes is uncertain. The taxable property tax base has grown moderately, an average of 4.9 percent annually over the last ten fiscal years ending in FY 2007, despite the above State limitations. Personnel costs represent 80 percent of the fund's expenditures. Wages have grown at an annual rate of 4.5 percent over the last several years. Employee benefits include funding for health claims which have increased an average of 13 percent per year over the last 10 years ending in FY 2007. In addition, contributions to the state-wide fire and police pension system have increased 87% from FY 2003 to FY 2007 due to benefit increases approved by the Iowa legislature and recent investment performance. As a result of this structural imbalance and the challenges discussed above, employee reductions, cost shifting and non-property tax revenue increases (including a garbage collection fee imposed in FY 2005 and clean water utility fee in FY 2006) have been necessary in order to balance the fund.

Future budgets will challenge the City to continue current services within the current revenue and expenditure structure. It is important to note that the State does provide unlimited property tax levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), whereas the general and emergency levies are limited as discussed above.

Long-Term Financial Planning. Maintenance and expansion of the City's infrastructure (such as streets, curbs, sidewalks, sewers, bridges, and traffic signals) remain a major priority of the City. The City annually adopts a six-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs.

The major source of funds for the program is general obligation bonds, which are primarily financed from an unlimited debt service property tax levy and local sales tax receipts. The City attempts to leverage its program commitment with available grants from the federal and state governments and private sector partnerships. The program requires a debt service property tax levy increase from the FY 2007 rate of \$.99/\$1,000 assessed value and includes programmed usage of the General Debt Service Fund Balance increase which is due to local option sales tax receipts exceeding budgeted property tax relief. The long term financial model as presented in the FY 2008 budget message projects the increase to be to \$1.76/\$1,000 assessed value in FY 2008, which the City Council approved in the adopted budget.

Highlights of the Capital Improvement Program which is scheduled to begin in fiscal year 2008 include:

- Consolidated Dispatch Center \$6.5 million*
- Street improvements of approximately \$80 million including:
 - a. Northwest Boulevard \$5.75 million
 - b. 67th Street extension \$2.8 million project
 - c. Street resurfacing and full depth patching \$27.8 million
- Riverfront trail bridge – Credit Island \$1.7 million
- Northeast Branch Library \$6.9 million
- Rail for Eastern Iowa industrial center \$4.6 million
- Technology improvements – \$10.8 million
- Sanitary sewer inflow and infiltration projects identified in a 2001 needs assessment study; funding is also included to continue to prepare final plans and cost estimates for the Westside diversion tunnel. This project would resolve current and projected capacity problems and open 27 square miles to development in west/northwest Davenport. (\$49 million total cost)

*to be paid for by Emergency Management Authority (EMA) thru a 28E agreement

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U. S. Treasury, and other obligations guaranteed by the United States or its Agencies. The City's written investment policy prioritizes the following goals: (1) safeguard investments, (2) provide for cash flow requirements and (3) maintain a competitive yield on the portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent or a financial institution's trust department in the City's name. The maturities of the investments range from 27 days to 359 days, with an average maturity of 161 days. The average yield on investments was 5.42 percent and interest income earned by all funds during the year totaled \$4,014,653.

Risk Management. The City's liability, property and workers' compensation claims, insurance and administration program is accounted for in the Risk Management fund. The program involves various risk control techniques and provides funds to meet loss situations which do occur, using a blend of internal and external funding resources. Internal funding of losses is represented by a claims retention program in which an assumption of appropriate deductibles is made. During fiscal year 2007 the deductible for each liability, property and workers' compensation claim was \$500,000, \$100,000 and \$350,000, respectively. Actuarial studies have been obtained to determine the appropriate contributions and reserves necessary to fund these claims retentions. External funding involves the purchase of insurance to finance those losses which the City cannot comfortably retain itself. Individual claims for liability, property and workers' compensation in excess of the deductible are insured up to \$10,000,000, the lesser of replacement cost or \$75,000,000 per location, and an unlimited amount, respectively. The goals of the current risk management program are to lower long-term costs and to reduce dependence on the insurance market, which lessens the effect of annual rate increases and/or capacity crunches. The risk related to the City's self-funded employee and retiree health plan is covered in Note 10 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Davenport, Iowa for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the 24th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City has received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 2007. This was the 11th consecutive year that the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of this report on a timely basis could not have been accomplished without the services of the entire staff of the Finance Department and the auditors. We would like to express our appreciation to all those who assisted and contributed to its preparation accordingly. We especially wish to thank Linda Folland and the Accounting Division staff for all of their extra time and effort in the preparation of this report. We would also like to thank the Mayor and members of the Finance Committee and City Council for their direction and support in planning and overseeing the financial operations of the City.

Respectfully submitted,



Craig Malin
City Administrator



Alan Guard
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Davenport
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

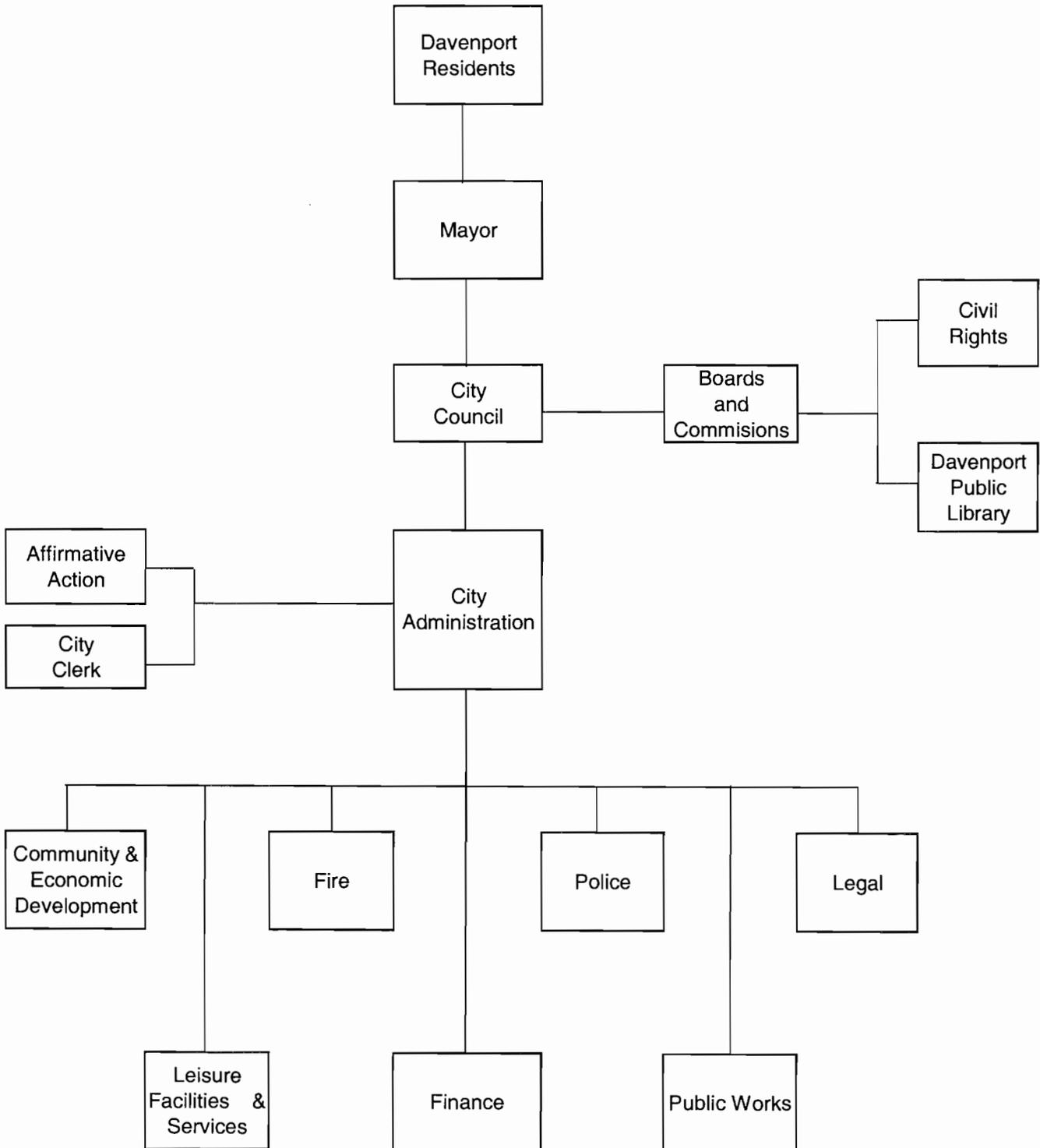


President

Executive Director

CITY OF DAVENPORT

ORGANIZATIONAL CHART
JUNE 30, 2007



CITY OF DAVENPORT

CITY OFFICIALS

June 30, 2007

<u>OFFICIAL TITLE</u>	<u>OFFICIAL</u>	<u>TERM EXPIRATION DATE OF ELECTED OFFICIALS</u>
<u>Elected Officials</u>		
Mayor	Ed Winborn	1/08
Alderman at Large	Jamie Howard	1/08
Alderman at Large	Ian Frink	1/08
Alderman First Ward	Ron VanFossen	1/08
Alderman Second Ward	Shawn Hamerlinck	1/08
Alderman Third Ward	Keith Meyer	1/08
Alderman Fourth Ward	Ray Ambrose	1/08
Alderman Fifth Ward	Bill Lynn	1/08
Alderman Sixth Ward	Charles Brooke	1/08
Alderman Seventh Ward	Morris D Barnhill	1/08
Alderman Eighth Ward	Brian Dumas	1/08

Administration

City Administrator Craig Malin

Departments

Civil Rights	Judith Morrell
Community and Economic Development	Clayton Lloyd
Finance	Alan Guard
Fire	Mark Frese
Human Resources	Jeff Dolan
Information Technology	Rob Henry
Legal	Tom Warner, Acting
Leisure Facilities & Services	Daniel Sherman
Library	LaWanda Roudebush
Police	Mike Bladel
Public Works	Dee Bruemmer

FINANCIAL SECTION



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Davenport, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Davenport, Iowa. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davenport, Iowa, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, under separate cover, dated November 21, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Davenport, Iowa. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Davenport, Iowa. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Dubuque, Iowa
November 21, 2007

Management's Discussion and Analysis

As management of the City of Davenport, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

Overall, the City continues to maintain a strong financial position, in spite of economic pressures and State of Iowa mandates and cutbacks in shared revenues.

- The assets of the City of Davenport exceeded its liabilities at June 30, 2007 by \$260,337 (net assets). Current assets exceeded current liabilities by \$48,839.
- The government's total net assets increased by \$2,539 during fiscal year (FY) 2007.
- At June 30, 2007, unreserved, undesignated fund balance for the General Fund was \$5,841, or 11 percent of total General Fund expenditures, while total fund balance represents 23 percent of total expenditures.

The above financial highlights are explained in more detail in the Government-wide Financial Analysis and Financial Analysis of the City's Funds sections of this document.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Davenport's basic financial statements. The City of Davenport's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The two government-wide financial statements are designed to provide readers with a broad overview of the City of Davenport's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Davenport's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Davenport is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during FY 2007. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Davenport that are principally supported by property taxes, other local taxes and state and federal grants (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Davenport include public safety, public works, culture and recreation, community and economic development, and general government. The business-type activities of the City of Davenport include parking, sewer operations, RiverCenter (convention center), public transit, public housing, golf courses, airport, solid waste collection, and clean water utility.

The government-wide financial statements include only the City of Davenport itself (known as the primary government).

The government-wide financial statements can be found on pages 16 through 19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Davenport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including restrictions on the use of certain monies. All of the funds of the City of Davenport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Davenport maintains 15 individual governmental funds. In the basic financial statements, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, General Debt Service Fund, Local Option Sales Tax Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The City of Davenport adopts an annual appropriated budget, prepared on a modified accrual basis. A budgetary comparison statement has been provided to demonstrate legal compliance in the required supplementary information section.

The basic governmental fund financial statements can be found on pages 20 through 27 of this report.

Proprietary funds. The City of Davenport maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Davenport's various functions. The City of Davenport uses internal service funds to account for employee health insurance, risk management, and information management services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The City of Davenport maintains nine enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. In the basic financial statements, the proprietary fund financial statements provide separate information for the parking system, sewer operations, and RiverCenter, as these are considered to be major funds of the City of Davenport. Data from the other six enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report (supplemental information). The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report (supplemental information).

The basic proprietary fund financial statements can be found on pages 28 through 39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Davenport's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has three agency funds. The basic agency fund financial statements can be found on page 40 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 60 of this report.

Supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal services funds, and agency funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 65 through 85 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. Comparative data from fiscal year 2006 and 2007 are presented below. In Davenport, assets exceeded liabilities by \$260,337 at the close of the fiscal year ended June 30, 2007.

City of Davenport’s Net Assets

	Governmental Activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 133,140	\$ 138,443	\$ 19,272	\$ 20,583	\$ 152,412	\$ 159,026
Capital assets	207,005	185,669	129,612	136,176	336,617	321,845
Total assets	<u>340,145</u>	<u>324,112</u>	<u>148,884</u>	<u>156,759</u>	<u>489,029</u>	<u>480,871</u>
Noncurrent liabilities outstanding	106,604	105,560	18,514	20,121	125,118	125,681
Other liabilities	95,920	89,754	7,653	7,567	103,573	97,321
Total liabilities	<u>202,524</u>	<u>195,314</u>	<u>26,167</u>	<u>27,688</u>	<u>228,691</u>	<u>223,002</u>
Net assets:						
Invested in capital assets, net of related debt	89,441	68,823	109,969	114,961	199,410	183,784
Restricted	43,140	52,998	-	-	43,140	52,998
Unrestricted	5,040	6,977	12,747	14,110	17,787	21,087
Total net assets	<u>\$ 137,621</u>	<u>\$ 128,798</u>	<u>\$ 122,716</u>	<u>\$ 129,071</u>	<u>\$ 260,337</u>	<u>\$ 257,869</u>

By far the largest portion of the City of Davenport’s net assets (77 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Davenport uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Davenport’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Davenport’s net assets (17 percent) represents resources that are subject to external restrictions on how they may be used. Current assets exceed current liabilities in all three categories, both for the City as a whole, as well as for its separate governmental and business-type activities, in the amounts of \$48,839, \$37,220 and \$11,619, respectively.

At June 30, 2007, the City of Davenport is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true at June 30, 2006.

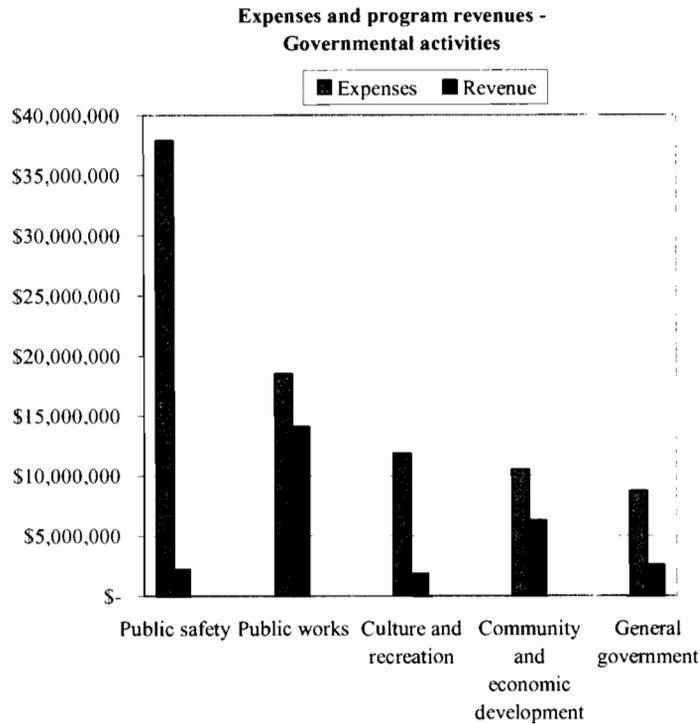
City of Davenport's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 8,091	\$ 10,702	\$ 22,292	\$ 21,867	\$ 30,383	\$ 32,569
Operating grants and contributions	14,410	15,244	1,464	1,669	15,874	16,913
Capital grants and contributions	4,410	6,044	4,192	7,466	8,602	13,510
General revenues:						
Property taxes	52,303	49,715	3,017	2,906	55,320	52,621
Other taxes	19,350	17,895	-	-	19,350	17,895
Other	3,959	3,741	(5,038)	764	(1,079)	4,505
Total revenues	102,523	103,341	25,927	34,672	128,450	138,013
Expenses:						
Public safety	37,867	35,330	-	-	37,867	35,330
Public works	18,515	19,153	-	-	18,515	19,153
Culture and recreation	11,831	15,989	-	-	11,831	15,989
Community and economic development	10,485	10,893	-	-	10,485	10,893
General government	8,710	6,413	-	-	8,710	6,413
Interest on long-term debt	5,437	4,978	-	-	5,437	4,978
Parking system	-	-	2,298	2,223	2,298	2,223
Sewer operations	-	-	13,276	12,360	13,276	12,360
RiverCenter	-	-	2,045	2,288	2,045	2,288
Public transit	-	-	5,200	4,782	5,200	4,782
Public housing	-	-	1,056	985	1,056	985
Golf courses	-	-	2,389	2,204	2,389	2,204
Airport	-	-	534	492	534	492
Curbside recycling	-	-	4,584	4,149	4,584	4,149
Clean water	-	-	1,684	1,609	1,684	1,609
Total expenses	92,845	92,756	33,066	31,092	125,911	123,848
Increase/(decrease) in net assets before transfers	9,678	10,585	(7,139)	3,580	2,539	14,165
Transfers	(784)	(11,350)	784	11,350	-	-
Increase/(decrease) in net assets	8,894	(765)	(6,355)	14,930	2,539	14,165
Net assets-beginning	128,727	129,563	129,071	114,141	257,798	243,704
Net assets-ending	\$ 137,621	\$ 128,798	\$ 122,716	\$ 129,071	\$ 260,337	\$ 257,869

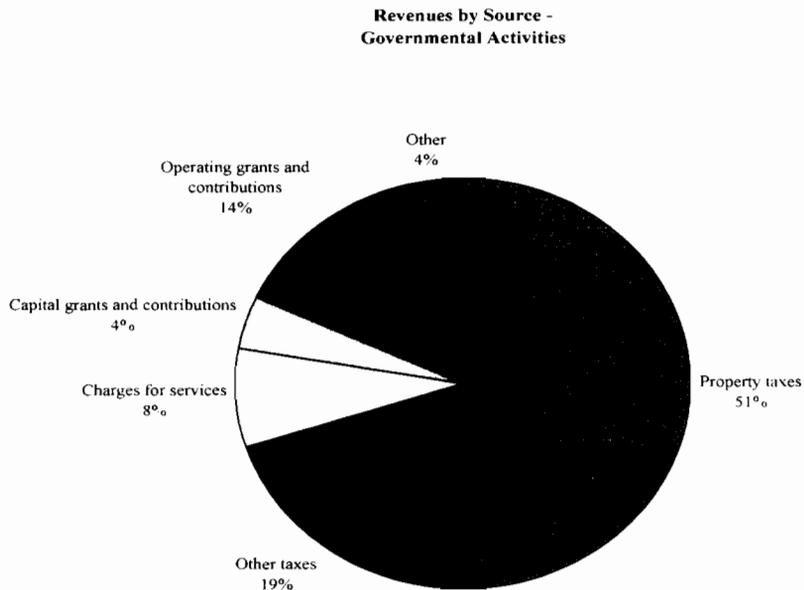
Governmental activities. Governmental activities increased the City's net assets by \$9,678, before transfers. The key element of this increase follows.

- Contributions of and investment in capital assets during the year net of related debt issuance resulted in an increase in governmental capital assets of \$20,618. However about half of this increase is nearly offset by a decrease in the Capital Projects Fund net assets reserved for capital projects of \$9,953. This change is due to the timing of the funding issued for capital projects and the stage of completion of those projects. More detail on the governmental activities' capital projects is provided in the Capital Asset and Debt Administration section of this document.

Certain revenues are generated that are specific to governmental program activities. These totaled \$26,912. The graph below shows a comparison between the expenditures by governmental activity type and the revenues generated that are specific to those activities.



The graph below shows the percentage of the total governmental revenues allocated by each revenue type.



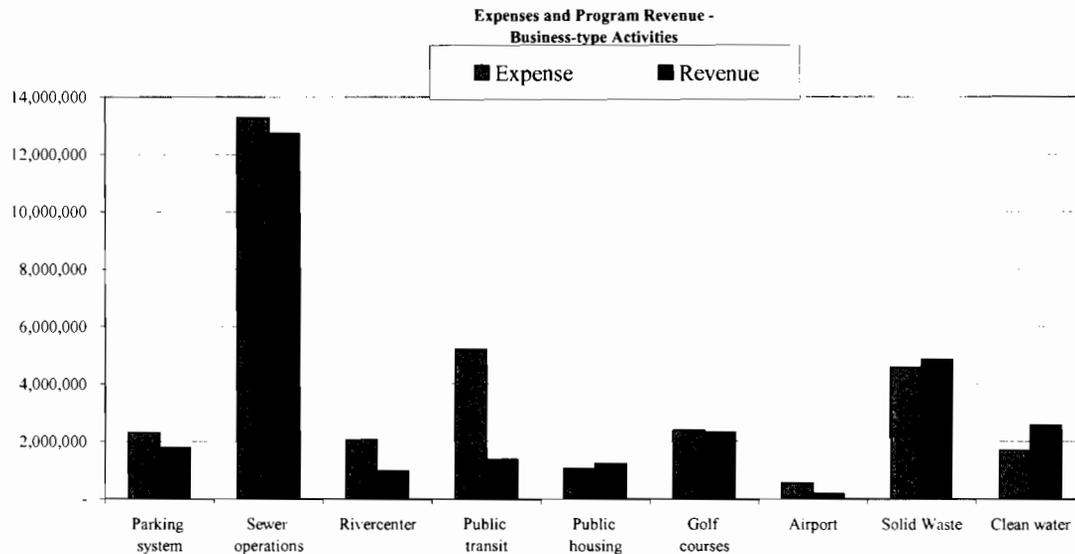
Total governmental activities' revenues for FY 2007 were \$102,523, a decrease of \$818 from FY 2006. The largest single revenue source was property taxes of \$52,303, which increased by \$2,588 (5 percent) during FY 2007. This increase resulted from an increase in the tax base of 4.5 percent and an improved overall collection rate. Capital grants and contributions decreased by \$1,634 during FY 2007. This was due to a Vision Iowa grant being completed in FY 2006.

Business-type activities. Business-type activities decreased the City of Davenport’s net assets by \$7,139. The key elements of this decrease follow:

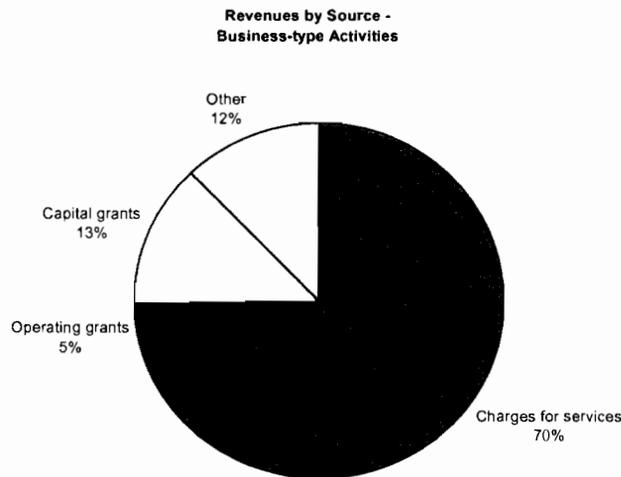
- The \$5,895 Adler theatre asset was donated to the River Center for the Performing Arts, Inc. (RCPA). The theater was donated to the RCPA as a condition of the RCPA’s receipt of tax credits from The National Trust Community Investment Fund, LLC, a Delaware limited liability company and other financial institutions. The theater will be returned to the City when the conditions related to the tax credits are fully satisfied, or approximately in seven years.

Total business-type activities’ revenue for the fiscal year, net of the Adler Theatre donation, was \$31,822.

The graph below shows a comparison between the business-type activity expenditures and program revenues.



The graph below shows the breakdown of revenues by source for the business-type activities.



Financial Analysis of the City's Funds

As noted earlier, the City of Davenport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Davenport's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Davenport's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year 2007, the City of Davenport's governmental funds reported combined ending fund balances of \$51,874, a decrease of \$9,478 in comparison with the prior year. Approximately 25 percent of this total amount, \$13,186, constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed or is restricted: (1) to liquidate contracts and purchase orders of the prior period \$8,169, (2) to pay debt service \$8,638, (3) to pay for capital improvements of \$14,488, (4) to pay employee benefits \$3,380, (5) to pay insurance and claims \$1,581, and (6) for a variety of other restricted purposes \$2,432.

The General Fund is the chief operating fund of the City of Davenport. The General Fund includes many of the City's services including police, fire, parks and recreation, library, community and economic development, civil rights and administration. At the end of the current fiscal year 2007, unreserved, undesignated fund balance of the General Fund was \$5,841, while total fund balance was \$12,556. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 11 percent of total General Fund expenditures, while total fund balance represents 23 percent of the total expenditures.

The total fund balance of the City of Davenport's General Fund decreased by \$1,472 during the current fiscal year and the unreserved fund balance decreased by \$831. The State of Iowa allows a maximum property tax levy rate of \$8.10 per thousand dollars of assessed value and \$0.27 in an emergency levy for general activities. The City has been at the maximum levy rates since 1984 and 1986, respectively. In addition to these two levies, the State allows unlimited levies for employee benefits (trust and agency levy) and insurance/claims (tort liability levy), which are also accounted for in the City's General Fund. Property tax balances from these two levies are reserved at the end of each year because their use is restricted.

The General Fund balances discussed above are considered adequate by management. The City's policy on General Fund balance is that the unreserved General Fund balance will be maintained at 10 to 15 percent of operating requirements. The current fund balance is within policy guidelines. Fund balances at June 30 cover the City's cash flow needs prior to the collection of property taxes (in September and March each year) so that cash flow borrowings are unnecessary. Fund balances also provide flexibility (for example, should revenue projections fall short) and can be used in cases of emergency (for example, flooding or storm clean-up).

The General Debt Service Fund has a total fund balance of \$7,603, all of which is reserved for the retirement of debt. The State of Iowa allows an unlimited property tax levy for debt service. The net decrease in fund balance during the current year in the General Debt Service Fund was \$350. The city prepares a rolling six-year capital improvement program. Reserves have been accumulated from Local Option Sales Tax contributions to provide for a planned drawdown of reserves. This will allow for a stable levy over the six years of the current program.

The Local Option Sales Tax Fund accounts for the proceeds of a local option sales tax and has a total fund balance of \$8,223, of which, \$7,769 is reserved for capital projects and \$454 is reserved for encumbrances. The State of Iowa provides for a one-cent local option sales tax. Davenport voters approved the tax in 1988 and the referendum directs its usage to 60 percent for property tax relief (debt service levy) and 40 percent for capital improvements. A transfer of 60 percent of tax proceeds is made to the General Debt Service Fund and the remainder is transferred to the Capital Projects Fund as expenditures occur. The net increase in fund balance during the current year was \$296, due to capital projects not being completed.

The Capital Projects Fund has a total fund balance of \$13,976, all of which is reserved for encumbrances and capital projects. The net decrease in fund balance during the current year in the Capital Projects Fund was \$8,109, primarily due to the police building construction being 78 percent complete in comparison to June 30, 2006 with only 19 percent complete.

Proprietary funds. The City of Davenport proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Legal Compliance Budgetary Highlights

As explained in the Letter of Transmittal, budgetary legal compliance is demonstrated in one schedule summarizing all funds in the Required Supplementary Information section of this report on pages 62 and 63.

Differences between the original budget and the final amended budget can be summarized as follows:

- The total original revenue budget of \$153,455 was increased to \$168,517, an increase of \$15,062. In the intergovernmental category, federal, state and local grants were carried forward in the budget amendment to reflect on-going construction in progress of capital projects in the amount of \$8,994. In the other revenue category, \$1,800 of Community Economic Betterment Act pass through grant funds were budgeted. There were also special revenue grant rollovers amounting to \$1,712.
- The total original expenditure budget of \$194,739 was increased to \$241,949, an increase of \$47,210. In the community and economic development category, \$3,759 was carried forward for on-going grants. In the capital outlay category, \$29,648 was carried forward in the budget amendment to reflect on-going construction in progress of capital projects. In the debt service category an additional \$9,276 was budgeted to reflect three refunding issues.

Differences between the final amended budget and actual results of operations can be summarized as follows:

- In the intergovernmental revenue category, federal, state, and local grants in the amount of \$23,000 were not accrued or received due to construction projects not completed.
- In the community and economic development expenditure category, \$4,698 was not spent in special revenue funds and will be carried forward. In the capital outlay category, \$52,292 of expenditures were budgeted and not spent, due to construction projects not completed. In the business type category, \$2,125 of the difference is due to bond principal payments being budgeted as an expense, but reported as adjustments to the liability.

General Fund Budgetary Highlights

As discussed above and in the Letter of Transmittal, the General Fund budget and actual revenues, expenditures and changes in fund balance have been incorporated into the statement of all funds on pages 62 and 63 of this report. Highlights for the General Fund follow.

Differences between the original budget and the final amended budget for the General Fund can be summarized as follows:

- The total original revenue budget of \$54,906 was increased to \$55,420, an increase of \$514. In the intergovernmental revenue category, federal grants in the amount of \$113 and state grants in the amount of \$58 received subsequent to original budget adoption are included as both revenues and expenditures. Use of monies and property budget was increased \$200, due to increased interest earnings.
- The total original expenditure budget of \$54,712 was increased to \$56,318, an increase of \$1,606. Police forfeiture and seizure monies of \$219 held as reserved General Fund balance at June 30, 2006 were included in amendments in order to authorize the expenditure during FY 2007. Other public safety expenditures included in amendments were \$142 for grants received as noted under the revenue discussion, \$130 for the cost of sick leave refunds for retiring fire fighters, \$253 for additional police overtime, and \$118 for police department restructuring including the addition of a juvenile court liaison and records supervisor. Public works expenditures were increased in amendments by \$186 as a result of the carryforward of the monies collected from developers and reserved for reforestation. Culture and recreation expenditures were amended to include grants carried forward of \$176 and new grants received as noted under the revenue discussion.

- Other financing uses were increased from \$1,116 to \$2,232. General Fund revenues include the proceeds of a hotel/motel tax and riverboat gaming revenues received by the City. General Fund transfers out include hotel/motel taxes to subsidize RiverCenter operations and hotel/motel taxes and gaming revenues to the Capital Projects Fund representing a portion of the City's Capital Improvement Program (CIP). Budget amendments included hotel/motel tax and gaming monies held at June 30, 2006 and included as designated General Fund balance in the amounts of \$330 and \$106, respectively, in order to authorize the expenditure during FY 2007. These amendment items increased transfers out by \$436. The library special levy is accounted for in the General Fund and made a \$537 transfer to the capital projects fund to cover the donations for the branch library that are being collected as pledged. The General Fund reflects an accounts receivable for the outstanding donations.

Differences between the final amended budget and actual results of operations of the General Fund can be summarized as follows:

- The net change in the General Fund balance in FY 2007 was (\$1,402), a positive variance from the budgeted change (\$3,129) of \$1,727.
- Transfers out in the final amended budget included hotel/motel taxes and gaming revenues to CIP as discussed above in the amounts of \$841 and \$428, respectively. Actual transfers made in FY 2007 were \$516 and \$322 respectively, resulting in a favorable variance of \$431. However, remaining commitments to the CIP are reflected in a designation of General Fund balance at June 30, 2007. The subsidy to the RiverCenter operations was less than budgeted, resulting in a favorable variance of \$29.
- Grant monies received which remained unexpended at June 30, 2007 are also reflected in a designation of General Fund balance in the amount of \$155 and are part of the favorable variance.
- The amended appropriation in the amount of \$319 related to the forfeiture and seizures monies held at June 30, 2006 discussed above was not offset by expenditures during FY 2007, which resulted in a favorable variance and a reservation of General Fund balance at June 30, 2007.
- A special library property tax levy (\$.27/\$1,000 assessed value) was approved by voters to support operations of two new branch libraries. Unexpended taxes of \$488 were a part of the favorable variance and a reservation of General Fund balance at June 30, 2007.

Capital Asset and Debt Administration

Capital assets. The City of Davenport's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$336,099 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and vehicles, sanitary sewers, bridges, traffic signals, storm sewers, and paving. The total increase in the City of Davenport's investment in capital assets for the current fiscal year was 5 percent. Governmental activities accounted for the increase, as the business type activities reflected a loss due to the previously mentioned donation of the Adler Theatre of \$5,895. At June 30, 2007, and June 30, 2006 the depreciable capital assets of the City were 38 percent depreciated and 37 percent depreciated. This indicates that the City is replacing its assets as they are depreciating.

Major capital asset activities during fiscal year 2007 include the following:

Governmental activities

- Completion of a skate park on the riverfront \$1,012.
- Addition of a new city park, Sunderbruch Park \$974.
- Two Gateway projects \$718.
- Paving completed and contributed by developers \$2,175.
- Paving work completed by the City of \$7,702 including \$949 of street resurfacing, \$2,914 of full-depth patching, \$1,554 for 53rd Street turn lanes, \$1,279 for Eastern Avenue and \$1,006 for Marquette Street turn lanes.

Business-type activities

- Sanitary sewers built and contributed by developers, \$1,372.
- Storm sewers built and contributed by developers \$759.
- Control Building improvements at the Water Pollution Control Plant \$692.

Additional information on the City of Davenport’s capital assets can be found in Note 5 in the notes to the financial statements.

	City of Davenport’s Capital Assets					
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 15,557	\$ 15,320	\$ 10,919	\$ 11,008	\$ 26,476	\$ 26,328
Buildings	69,772	69,272	87,902	88,928	157,674	158,200
Improvements						
Other than						
Buildings	11,927	9,079	9,084	9,141	21,011	18,220
Sanitary sewers	-	-	61,271	59,616	61,271	59,616
Equipment and						
Vehicles	29,814	27,654	27,363	27,235	57,177	54,889
Bridges	4,474	4,163	-	-	4,474	4,163
Traffic signals	7,153	7,143	-	-	7,153	7,143
Storm sewers	-	-	17,014	16,255	17,014	16,255
Paving	130,580	119,731	183	176	130,763	119,907
Seawalls	623	-	-	-	623	-
Tunnels	54	-	-	-	54	-
Construction in						
Progress	24,635	13,170	3,508	6,900	28,143	20,070
Accumulated						
Depreciation	(87,585)	(79,863)	(88,149)	(83,706)	(175,734)	(163,569)
Total	\$ 207,004	\$ 185,669	\$ 129,095	\$ 135,553	\$336,099	\$321,222

Long-term debt. At the end of the current fiscal year, the City of Davenport had total bonded debt outstanding of \$138,845. Of this amount, \$104,522 comprises debt being serviced from the general debt service fund from property taxes and 60 percent of the local option sales tax proceeds. The remainder of the City of Davenport’s debt represents bonds serviced by specified revenue sources, including the tax increment financing districts debt service fund, the levee improvement commission fund, the municipal improvement districts fund, the sewer operations enterprise fund, the public housing enterprise fund, the golf courses enterprise fund, the parking system enterprise fund, and the airport enterprise fund. The City has issued general obligation bonds backed by its full faith and credit, including the unlimited debt service property tax levy, which are planned to be retired from the above revenue sources rather than revenue bonds because legal debt capacity exists (see below) and the resulting lower interest costs benefit its citizens and service users. Detailed information on bonded debt abatement by fund is contained in a summary on pages 94 and 95 of this report.

City of Davenport's Outstanding Debt
General Obligation Bonds

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation Bonds	\$ 118,239	\$ 117,475	\$ 20,606	\$ 22,280	\$ 138,845	\$ 139,755

The City of Davenport's total debt decreased by \$910 during the current fiscal year. Debt retirement during the year slightly exceeded the new issuance of \$14,400 in February 2007. The issuance was to finance the City's capital improvement program including streets, buildings, and sanitary sewers (abated by user fees).

The City's scheduled debt repayment is rapid, with 80 percent of outstanding bonded debt scheduled for repayment in 10 years and 97 percent in 15 years

State Statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Davenport is \$263,978, which is significantly in excess of the City of Davenport's outstanding general obligation debt, \$138,845, and other debt subject to the debt limitation \$9,520.

The City of Davenport maintains an AA rating from Standard & Poor's, and an Aa2 rating from Moody's Investors Service for general obligation debt. Both firms view the outlook for their most recent ratings as stable.

Additional information on the City of Davenport's long-term debt can be found in Note 9 in the notes to the financial statements.

Economic Factors and Current and Future Budgets

The City's General Fund was prepared with a planned reduction in fund balance in the FY 2008 budget. This planned reduction of \$730 was done to fund additional positions in the Police Department and Information Technology Department. However, this was done with the full knowledge of the upcoming consolidated dispatch center with Scott County and the City of Bettendorf in mid-FY 2009. The creation of this program under the control of an Emergency Management Authority (EMA) will eliminate at least 15 positions from the City and save over \$1 million annually. A portion of these savings will be used to fund the positions added in FY 2008 and eliminate the need to use fund balance.

In 1992 the State consolidated local police and fire retirement systems into a state-wide system (MFPRSI). MFPRSI is funded from members' contributions (9.35 percent of earnable compensation), State of Iowa contribution of \$2,816 per year (approximately 1.63 percent of earnable compensation), and cities contribute the amount actuarially determined necessary to fund the benefits in accordance with accepted actuarial methods but not less than 17 percent of earnable compensation of the active members. Cities which are at the \$8.10 general levy maximum fund pension contributions from the Trust and Agency property tax levy. In 1999 the actuarially-determined City contribution rate was 11.12 percent. Since the minimum contribution rate established by statute was 17 percent, a margin of 5.88 percent was reported. This was at a time when investment returns were outstanding (and non-recurring). Police officers and firefighters requested that the State Legislature increase pension benefits. Cities through the Iowa League of Cities requested that the State Legislature decrease City contributions and provide a property tax reduction. The Legislature increased pension benefits in 2000. The actuarially-determined City contribution rate increased from 17 percent to 20.48 percent, 24.92 percent, and 28.21 percent for fiscal years 2004, 2005, and 2006, respectively. The increases were primarily the result of the pension benefit increase passed by the 2000 State Legislature and recent poor investment returns (losses) which are spread over a four-year period. As a result, the City's police and fire pension contribution has increased \$1,700 annually. However, the City's contribution rate for FY 2007 will be 27.75 percent and these pension contributions may stabilize. This stabilization is further evidenced by a reduction in the pension rate to 25.48% for FY 2008 and 18.75% for FY 2009.

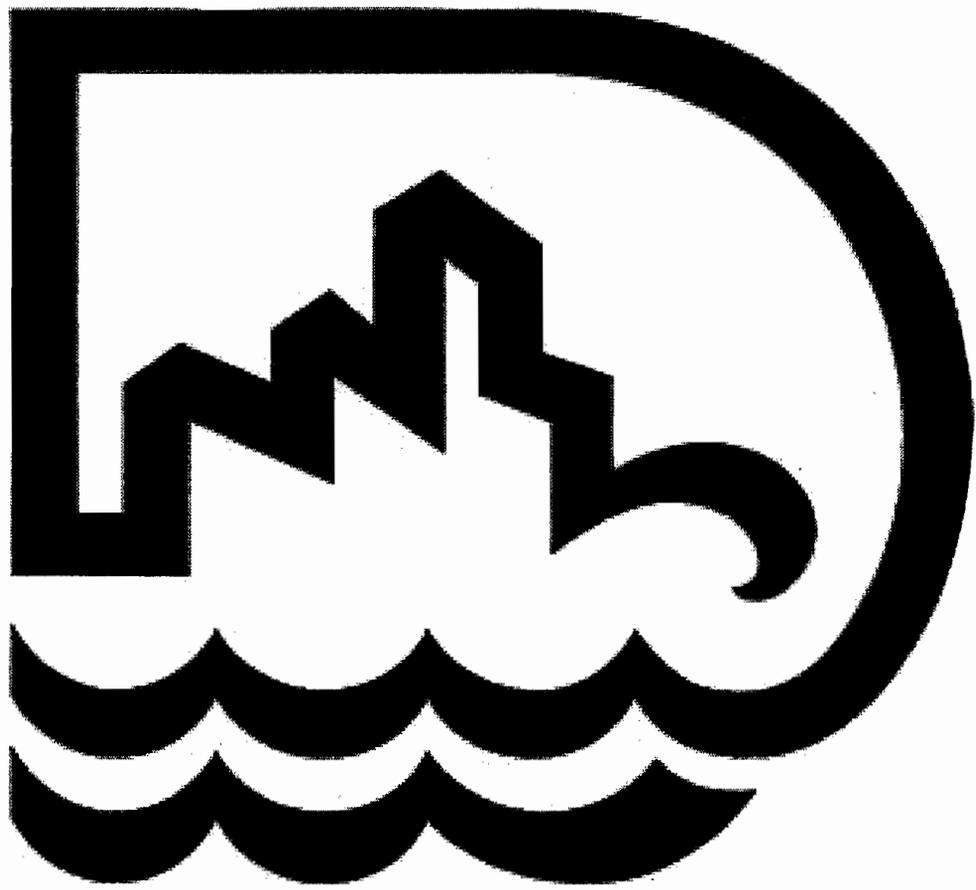
Total employee benefit health claims decreased 2.16 percent and increased 13.5 percent during fiscal years 2006 and 2007, respectively. Total employee benefit health claims decreased 2 percent during fiscal year 2004, and increased 22 percent during fiscal year 2005. The City's contribution to the Employee Health Insurance Fund for the majority of its employees (General Fund employees) is financed by the unlimited trust and agency property tax levy. Approximately 60 percent of the City's employees are represented by five different bargaining units (American Federation of State, County and Municipal Employees, Fire, Police, Teamsters and Transit). At issue during recent negotiations has been wages and cost-sharing related to health benefits. During negotiations for FY 2007 through 2009, the City sought and received increases in employee monthly premiums from all employees. While the premium amounts are relatively small (2 percent and 4 percent or equivalent dollars of City cost) the precedent has been important moving forward. Also, these negotiations with all bargaining units resulted in three year settlements with all groups. General wage increases range from 3.25% to 4%. More significantly, additional health benefit

concessions were made that will provide \$700 in reduced costs over the three years of the contract and \$567 per year going forward. Concessions phased in over three years include increased co-pays and higher deductibles and out-of-pocket payments.

For the future, plans to enable the City to continue to adopt balanced budgets include: continued use of the unlimited levies for employee benefits (Trust and Agency) and property and liability insurance and claims (Tort); the City has a strong record of implementing expenditure reductions and introducing efficiencies in order to balance General Fund budgets and current efforts/projects include a technology assessment, a public transit consolidation (Iowa) study and the aforementioned consolidated dispatch project.

Requests for Information

This financial report is designed to provide a general overview of the City of Davenport's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Alan E. Guard, Finance Director, City of Davenport, 226 West Fourth Street, Davenport, IA 52801.



CITY OF DAVENPORT

**STATEMENT OF NET ASSETS
June 30, 2007**

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Current assets:			
Unrestricted current assets:			
Cash and investments	\$ 57,047,240	\$ 5,910,362	\$ 62,957,602
Delinquent property taxes receivable	1,077,977	63,325	1,141,302
Succeeding year property taxes receivable	53,694,494	3,075,239	56,769,733
Other taxes receivable	3,173,693	-	3,173,693
Special assessments	802,707	-	802,707
Accounts receivable	1,189,153	5,292,677	6,481,830
Loans receivable	9,729,900	-	9,729,900
Accrued interest receivable	154,031	36,759	190,790
Internal balances	2,425,207	(2,425,207)	-
Due from other governments	3,283,316	668,407	3,951,723
Prepaid items	128,276	12,569	140,845
Deferred charge-issuance cost	271,465	150,139	421,604
Total unrestricted current assets	132,977,459	12,784,270	145,761,729
Restricted current assets:			
Cash and cash equivalents	162,795	6,487,575	6,650,370
Total current assets	133,140,254	19,271,845	152,412,099
Noncurrent assets:			
Investment in joint venture	-	516,833	516,833
Capital assets:			
Land	15,556,771	10,919,415	26,476,186
Buildings	69,772,170	87,901,923	157,674,093
Improvements other than buildings	11,927,363	9,083,589	21,010,952
Sanitary sewers	-	61,271,183	61,271,183
Equipment and vehicles	29,813,896	27,362,810	57,176,706
Bridges	4,474,397	-	4,474,397
Traffic signals	7,152,981	-	7,152,981
Storm sewers	-	17,014,559	17,014,559
Paving	130,580,267	182,774	130,763,041
Seawalls	622,467	-	622,467
Tunnels	54,326	-	54,326
Construction in progress	24,635,045	3,507,731	28,142,776
Accumulated depreciation	(87,585,223)	(88,149,102)	(175,734,325)
Total capital assets	207,004,460	129,094,882	336,099,342
Total noncurrent assets	207,004,460	129,611,715	336,616,175
Total assets	\$ 340,144,714	\$ 148,883,560	\$ 489,028,274

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 4,728,907	\$ 648,803	\$ 5,377,710
Contracts payable	1,184,027	-	1,184,027
Accrued wages payable	1,852,209	406,804	2,259,013
Accrued compensated absences	4,317,775	488,651	4,806,426
Claims and judgments	6,093,787	-	6,093,787
Due to other governments	25,845	-	25,845
Accrued interest payable	463,701	63,558	527,259
General obligation bonds payable	12,339,000	2,135,106	14,474,106
Unearned revenue:			
Succeeding year property tax	53,694,494	3,075,239	56,769,733
Other	10,922,837	49,512	10,972,349
Total	95,622,582	6,867,673	102,490,255
Current liabilities payable from restricted assets:			
Accounts payable	162,795	-	162,795
Deposits payable	-	785,570	785,570
Notes payable	134,299	-	134,299
Total current liabilities payable from restricted assets	297,094	785,570	1,082,664
Total current liabilities	95,919,676	7,653,243	103,572,919
Noncurrent liabilities:			
Accrued compensated absences	1,242,785	140,647	1,383,432
Note payable	146,587	-	146,587
General obligation bonds payable	104,411,921	18,373,277	122,785,198
Special assessment with government commitment	802,700	-	802,700
Total noncurrent liabilities	106,603,993	18,513,924	125,117,917
Total liabilities	202,523,669	26,167,167	228,690,836
NET ASSETS			
Invested in capital assets, net of related debt	89,441,418	109,968,802	199,410,220
Restricted:			
Employee benefits	3,461,375	-	3,461,375
Tort liability	1,580,589	-	1,580,589
Capital projects	13,976,105	-	13,976,105
Debt retirement	8,210,788	-	8,210,788
Local option sales tax-capital projects	8,223,392	-	8,223,392
Road use tax	5,919,539	-	5,919,539
Community development act loans	152,116	-	152,116
Municipal improvement districts	544,446	-	544,446
Revolving loans	1,071,815	-	1,071,815
Unrestricted	5,039,462	12,747,591	17,787,053
Total net assets	\$ 137,621,045	\$ 122,716,393	\$ 260,337,438

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SALES AND SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
Public safety	\$ 37,866,348	\$ 1,772,612	\$ 396,113	\$ -
Public works	18,514,994	1,486,492	8,283,801	4,331,411
Culture and recreation	11,831,207	1,774,460	-	67,781
Community and economic development	10,485,046	872,306	5,365,854	10,710
General government	8,710,088	2,185,830	364,561	-
Interest on long-term debt	5,437,269	-	-	-
Total governmental activities	<u>92,844,952</u>	<u>8,091,700</u>	<u>14,410,329</u>	<u>4,409,902</u>
Business-type activities:				
Parking system	2,297,589	1,765,985	-	-
Sewer operations	13,275,949	10,151,322	-	2,580,550
Rivercenter	2,044,864	918,739	-	53,789
Public transit	5,200,408	455,216	906,473	9,098
Public housing	1,056,560	344,286	557,085	321,922
Golf courses	2,388,785	2,310,782	-	-
Airport	533,995	175,622	-	-
Solid waste	4,584,023	4,451,864	-	390,588
Clean water	1,684,045	1,718,423	-	836,053
Total business-type activities	<u>33,066,218</u>	<u>22,292,239</u>	<u>1,463,558</u>	<u>4,192,000</u>
Total government	<u>\$ 125,911,170</u>	<u>\$ 30,383,939</u>	<u>\$ 15,873,887</u>	<u>\$ 8,601,902</u>

General Revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for public transit
- Local option sales tax
- Hotel/motel tax
- Franchise taxes

Investment earnings

- Gain on sale of capital assets
- Loss on donation of Adler Theatre
- Miscellaneous

Transfers

- Total general revenues and transfers
- Change in net assets

Net assets, beginning

Net assets, ending

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (35,697,623)	\$ -	\$ (35,697,623)
(4,413,290)	-	(4,413,290)
(9,988,966)	-	(9,988,966)
(4,236,176)	-	(4,236,176)
(6,159,697)	-	(6,159,697)
(5,437,269)	-	(5,437,269)
<u>(65,933,021)</u>	<u>-</u>	<u>(65,933,021)</u>
-	(531,604)	(531,604)
-	(544,077)	(544,077)
-	(1,072,336)	(1,072,336)
-	(3,829,621)	(3,829,621)
-	166,733	166,733
-	(78,003)	(78,003)
-	(358,373)	(358,373)
-	258,429	258,429
-	870,431	870,431
-	<u>(5,118,421)</u>	<u>(5,118,421)</u>
<u>(65,933,021)</u>	<u>(5,118,421)</u>	<u>(71,051,442)</u>
43,646,179	-	43,646,179
8,656,605	-	8,656,605
-	3,017,365	3,017,365
14,408,214	-	14,408,214
1,586,261	-	1,586,261
3,355,323	-	3,355,323
3,839,767	790,290	4,630,057
78,176	-	78,176
-	(5,894,826)	(5,894,826)
41,118	66,151	107,269
(784,469)	784,469	-
<u>74,827,174</u>	<u>(1,236,551)</u>	<u>73,590,623</u>
8,894,153	(6,354,972)	2,539,181
<u>128,726,892</u>	<u>129,071,365</u>	<u>257,798,257</u>
<u>\$ 137,621,045</u>	<u>\$ 122,716,393</u>	<u>\$ 260,337,438</u>

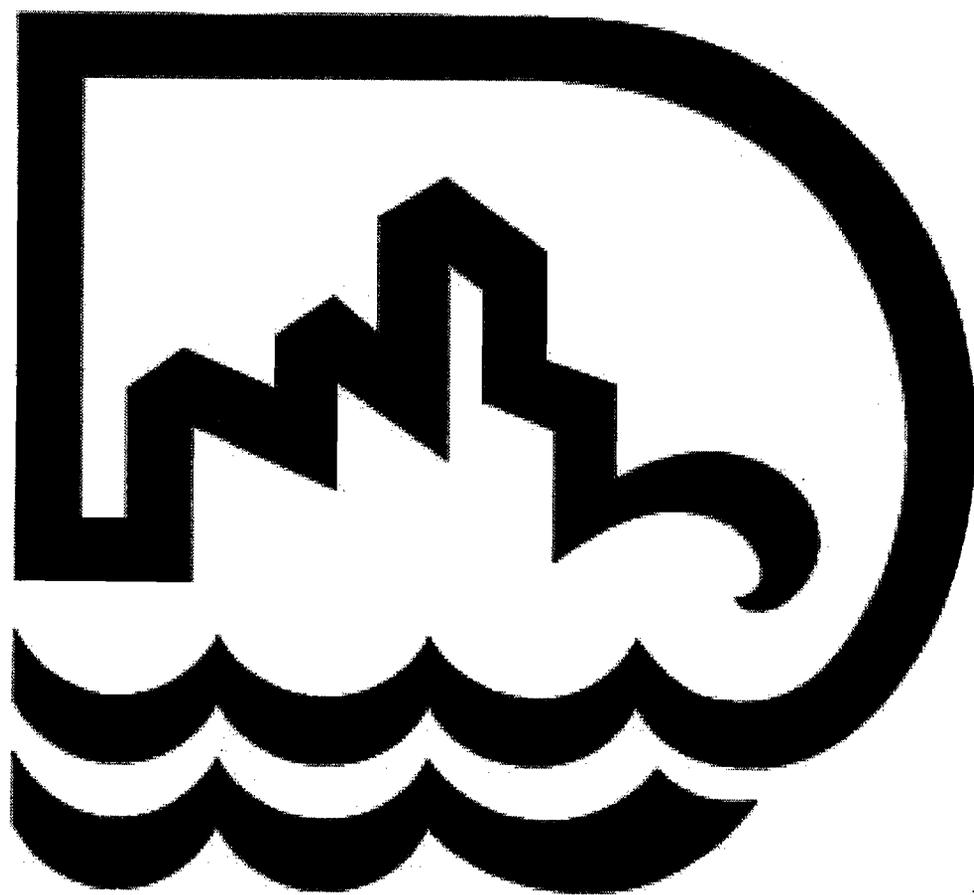
CITY OF DAVENPORT

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2007**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>LOCAL OPTION SALES TAX FUND</u>	<u>GENERAL DEBT SERVICE FUND</u>
Cash and investments	\$ 11,389,774	\$ 7,686,853	\$ 6,116,360
Receivables:			
Property taxes:			
Delinquent	898,679	-	123,283
Succeeding year	43,718,444	-	5,995,876
Other taxes	941,892	2,231,801	-
Accounts	1,044,365	8,538	-
Special assessments	-	15,213	787,494
Loans	-	-	-
Interest	79,989	-	40,840
Interfund loans receivable	1,453,727	-	1,339,080
Due from other governments	173,242	4,035	-
Prepays	10,225	-	-
Restricted assets-cash and investments	-	-	-
TOTAL ASSETS	<u>\$ 59,710,337</u>	<u>\$ 9,946,440</u>	<u>\$ 14,402,933</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Wages payable	\$ 1,546,117	\$ 35,109	\$ -
Accounts payable	686,652	112,811	-
Contracts payable	-	-	-
Payable from restricted assets	-	-	-
Interfund loans payable	242	1,560,875	-
Due to other governments	-	-	-
Deferred revenue:			
Succeeding year property tax	43,718,444	-	5,995,876
Other	1,203,028	14,253	780,990
Matured bonds payable	-	-	20,000
Matured interest payable	-	-	3,381
Total Liabilities	<u>47,154,483</u>	<u>1,723,048</u>	<u>6,800,247</u>
 FUND BALANCES:			
Reserved for encumbrances	119,065	453,997	-
Reserved for future projects	-	-	-
Reserved for tort liability	1,580,589	-	-
Reserved for loan applicants	-	-	-
Reserved for employee benefits	3,380,124	-	-
Reserved for library	487,826	-	-
Reserved for prepaids	10,225	-	-
Reserved for debt retirement	-	-	7,602,686
Reserved for drug enforcement	319,829	-	-
Reserved for capital projects	-	7,769,395	-
Unreserved:			
Designated for specific projects:			
General	817,574	-	-
Special revenue	-	-	-
Undesignated:			
General	5,840,622	-	-
Capital projects	-	-	-
Special revenue	-	-	-
Total Fund Balances	<u>12,555,854</u>	<u>8,223,392</u>	<u>7,602,686</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,710,337</u>	<u>\$ 9,946,440</u>	<u>\$ 14,402,933</u>

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 17,178,179	\$ 9,168,681	\$ 51,539,847
-	56,015	1,077,977
-	3,980,174	53,694,494
-	-	3,173,693
-	123,047	1,175,950
-	-	802,707
-	9,729,900	9,729,900
-	10,524	131,353
407,278	-	3,200,085
1,329,269	1,775,460	3,282,006
1,320	485	12,030
-	162,795	162,795
<u>\$ 18,916,046</u>	<u>\$ 25,007,081</u>	<u>\$ 127,982,837</u>
\$ 1,928	\$ 221,449	\$ 1,804,603
2,987,018	738,002	4,524,483
1,184,027	-	1,184,027
-	162,795	162,795
-	562,913	2,124,030
-	5,845	5,845
-	3,980,174	53,694,494
766,968	9,820,086	12,585,325
-	-	20,000
-	-	3,381
<u>4,939,941</u>	<u>15,491,264</u>	<u>76,108,983</u>
7,257,723	337,933	8,168,718
-	542,373	542,373
-	-	1,580,589
-	1,071,815	1,071,815
-	-	3,380,124
-	-	487,826
1,320	485	12,030
-	1,035,314	8,638,000
-	-	319,829
6,717,062	-	14,486,457
-	-	817,574
-	194,910	194,910
-	-	5,840,622
-	-	-
-	6,332,987	6,332,987
<u>13,976,105</u>	<u>9,515,817</u>	<u>51,873,854</u>
<u>\$ 18,916,046</u>	<u>\$ 25,007,081</u>	<u>\$ 127,982,837</u>



CITY OF DAVENPORT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET ASSETS
June 30, 2007**

Total governmental fund balances	\$ 51,873,854
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	206,477,300
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,662,488
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(253,204)
Internal service fund activities allocated to business-type activities	1,349,152
Deferred charges	271,465
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued employee benefits	(5,465,183)
Accrued interest payable	(460,320)
Notes payable	(280,886)
General obligation bonds payable	(117,533,621)
Loans payable	(20,000)
	<hr/>
	(123,760,010)
Net assets of governmental activities	<hr/> \$ 137,621,045 <hr/>

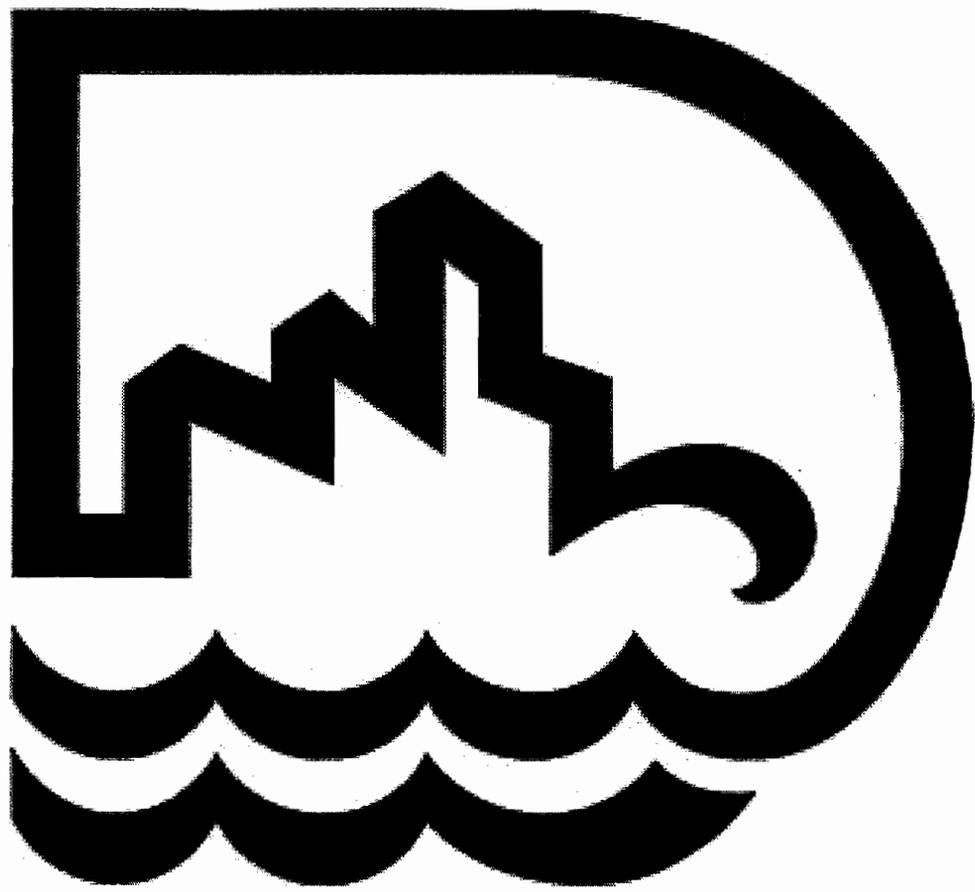
The notes to the financial statements are an integral part of this statement

CITY OF DAVENPORT**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2007**

	GENERAL FUND	LOCAL OPTION SALES TAX FUND	GENERAL DEBT SERVICE FUND	CAPITAL PROJECTS FUND
REVENUES:				
Taxes	\$ 47,212,677	\$ 14,408,214	\$ 5,972,209	\$ -
Special assessments	-	5,026	45,956	-
Licenses and permits	1,370,459	-	-	-
Intergovernmental	927,974	-	-	2,451,072
Charges for services	2,724,915	73,410	-	-
Use of monies and property	1,664,699	6,466	786,741	730,639
Fines and forfeits	873,092	-	-	-
Loan repayments	-	-	-	-
Other	746,188	-	264,458	1,050,893
Total Revenues	<u>55,520,004</u>	<u>14,493,116</u>	<u>7,069,364</u>	<u>4,232,604</u>
EXPENDITURES:				
Current:				
Public safety	35,275,308	800,195	-	-
Public works	2,961,202	897,983	-	-
Culture and recreation	9,215,448	152,680	-	-
Community and economic development	926,582	294,468	-	-
General government	7,019,858	61,001	4,250	-
Capital outlay	-	-	-	30,935,403
Debt service:				
Principal retirement	-	-	11,537,956	-
Interest	-	-	4,467,850	-
Bond issuance costs	-	-	19,942	52,677
Total Expenditures	<u>55,398,398</u>	<u>2,206,327</u>	<u>16,029,998</u>	<u>30,988,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>121,606</u>	<u>12,286,789</u>	<u>(8,960,634)</u>	<u>(26,755,476)</u>
OTHER FINANCING SOURCES (USES):				
Bond issuance	-	-	-	13,940,000
Discount on debt issued	-	-	-	(51,222)
Sale of capital assets	31,500	3,049	-	-
Transfers in	567,731	-	8,644,929	4,757,204
Transfers out	(2,122,540)	(11,994,228)	-	-
Refunding bond issuance	-	-	10,230,325	-
Payment to refunded bond escrow agent	-	-	(10,265,000)	-
Total Other Financing Sources (Uses)	<u>(1,523,309)</u>	<u>(11,991,179)</u>	<u>8,610,254</u>	<u>18,645,982</u>
NET CHANGE IN FUND BALANCES	(1,401,703)	295,610	(350,380)	(8,109,494)
FUND BALANCES - BEGINNING	<u>13,957,557</u>	<u>7,927,782</u>	<u>7,953,066</u>	<u>22,085,599</u>
FUND BALANCES - ENDING	<u>\$ 12,555,854</u>	<u>\$ 8,223,392</u>	<u>\$ 7,602,686</u>	<u>\$ 13,976,105</u>

The notes to the financial statements are an integral part of this statement.

TOTAL NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 3,847,655	\$ 71,440,755
-	50,982
25,475	1,395,934
13,674,808	17,053,854
-	2,798,325
651,222	3,839,767
-	873,092
663,341	663,341
44,247	2,105,786
<u>18,906,748</u>	<u>100,221,836</u>
140,036	36,215,539
7,953,631	11,812,816
38,086	9,406,214
7,739,230	8,960,280
130,683	7,215,792
-	30,935,403
1,718,617	13,256,573
770,593	5,238,443
(4,093)	68,526
<u>18,486,783</u>	<u>123,109,586</u>
<u>419,965</u>	<u>(22,887,750)</u>
-	13,940,000
-	(51,222)
43,627	78,176
240,649	14,210,513
(605,053)	(14,721,821)
729,300	10,959,625
(740,000)	(11,005,000)
<u>(331,477)</u>	<u>13,410,271</u>
88,488	(9,477,479)
<u>9,427,329</u>	<u>61,351,333</u>
<u>\$ 9,515,817</u>	<u>\$ 51,873,854</u>



CITY OF DAVENPORT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances: total governmental funds \$(9,477,479)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost for those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	28,154,157
Depreciation	<u>(9,077,559)</u>
	<u>19,076,598</u>

The following is the detail of various miscellaneous transactions involving capital assets which effect the increase/decrease in assets in the current period.

Donations	2,269,491
Disposals	(29,484)
Transfers of capital assets to enterprise capital assets	<u>(273,161)</u>
	<u>1,966,846</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (45,929)

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds interest expenditures are reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

General obligation bonds issued	(25,014,325)
Repayment of bond principal	24,261,573
Deferred charges	35,622
Interest	<u>4,571</u>
	<u>(712,559)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (148,295)

Internal services funds are used by management to charge the costs of various activities internally to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities. (1,765,029)

Change in net assets of governmental activities \$8,894,153

The notes to the financial statements are an integral part of this statement

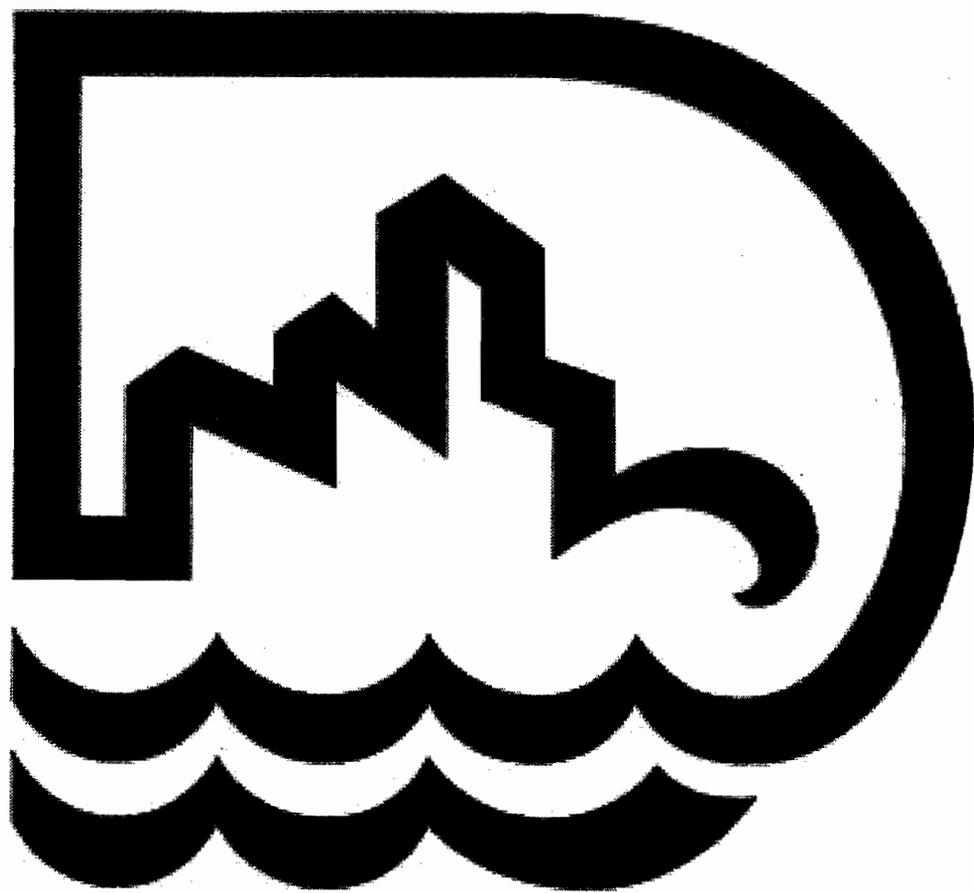
CITY OF DAVENPORT

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2007**

ASSETS	BUSINESS-TYPE ACTIVITIES -	
	PARKING SYSTEM	SEWER OPERATIONS
Current assets:		
Cash and cash equivalents	\$ 1,444,839	\$ 2,875,422
Receivables:		
Property taxes:		
Delinquent	-	-
Succeeding year	-	-
Accounts	70,083	2,824,273
Interest	5,046	28,196
Due from other governments	-	161,921
Prepays	-	1,660
Restricted cash and cash equivalents	-	6,264,769
Total current assets	<u>1,519,968</u>	<u>12,156,241</u>
Noncurrent assets:		
Deferred charges	34,235	106,324
Investment in joint venture	-	-
Capital assets:		
Land	3,547,368	692,360
Buildings	26,238,949	29,586,119
Improvements other than buildings	-	68,334
Sanitary sewers	-	61,271,183
Equipment and vehicles	484,948	16,891,603
Paving	-	-
Storm sewers	-	-
Less accumulated depreciation	(5,279,230)	(51,177,301)
Construction in progress	-	3,004,698
Total noncurrent assets	<u>25,026,270</u>	<u>60,443,320</u>
Total assets	<u>26,546,238</u>	<u>72,599,561</u>
LIABILITIES		
LIABILITIES:		
Current liabilities:		
Wages payable	16,532	161,200
Accounts payable	27,692	240,263
Accrued interest payable	24,550	35,422
Compensated absences	14,926	239,406
Claims and judgments	-	-
Due to other governments	-	-
Interfund loans payable	-	185,241
Deferred revenue:		
Succeeding year property tax	-	-
Other	-	-
General obligation bonds - current	312,000	1,568,875
Total current liabilities	<u>395,700</u>	<u>2,430,407</u>
Current liabilities payable from restricted assets:		
Deposits payable	-	756,037
Noncurrent liabilities:		
Compensated absences	4,296	68,908
General obligation bonds -long term	8,998,342	8,666,520
Total noncurrent liabilities	<u>9,002,638</u>	<u>8,735,428</u>
Total liabilities	<u>9,398,338</u>	<u>11,921,872</u>
NET ASSETS		
Invested in capital assets, net of related debt	15,715,928	51,438,089
Unrestricted	1,431,972	9,239,600
Total net assets	<u>\$ 17,147,900</u>	<u>\$ 60,677,689</u>

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</u>
\$ 430,557	\$ 1,159,544	\$ 5,910,362	\$ 5,507,393
-	63,325	63,325	-
-	3,075,239	3,075,239	-
105,423	2,292,898	5,292,677	13,203
-	3,517	36,759	22,678
-	506,486	668,407	1,310
1,581	9,328	12,569	116,246
2,000	220,806	6,487,575	-
<u>539,561</u>	<u>7,331,143</u>	<u>21,546,913</u>	<u>5,660,830</u>
-	9,580	150,139	-
-	516,833	516,833	-
2,472,550	4,207,137	10,919,415	-
18,242,537	13,834,318	87,901,923	-
39,006	8,976,249	9,083,589	-
-	-	61,271,183	-
462,245	9,524,014	27,362,810	1,573,711
84,121	98,653	182,774	-
-	17,014,559	17,014,559	-
(7,558,437)	(24,134,134)	(88,149,102)	(1,132,521)
-	503,033	3,507,731	85,970
<u>13,742,022</u>	<u>30,550,242</u>	<u>129,761,854</u>	<u>527,160</u>
<u>14,281,583</u>	<u>37,881,385</u>	<u>151,308,767</u>	<u>6,187,990</u>
14,350	214,722	406,804	47,606
47,707	333,141	648,803	204,424
-	3,586	63,558	-
958	233,361	488,651	74,060
-	-	-	6,093,787
-	-	-	-
-	890,814	1,076,055	-
-	3,075,239	3,075,239	-
35,499	14,013	49,512	-
-	254,231	2,135,106	-
<u>98,514</u>	<u>5,019,107</u>	<u>7,943,728</u>	<u>6,419,877</u>
<u>2,000</u>	<u>27,533</u>	<u>785,570</u>	<u>-</u>
276	67,167	140,647	21,317
-	708,415	18,373,277	-
<u>276</u>	<u>775,582</u>	<u>18,513,924</u>	<u>21,317</u>
<u>100,790</u>	<u>5,822,222</u>	<u>27,243,222</u>	<u>6,441,194</u>
13,744,022	29,070,763	109,968,802	527,160
436,771	2,988,400	14,096,743	(780,364)
<u>\$ 14,180,793</u>	<u>\$ 32,059,163</u>	<u>\$ 124,065,545</u>	<u>\$ (253,204)</u>



CITY OF DAVENPORT

RECONCILIATION OF ENTERPRISE FUNDS NET ASSETS TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total enterprise funds net assets \$ 124,065,545

Amounts reported for enterprise activities in the statement of net assets are different because:

Internal service funds are used by management to charge the costs of certain services to individual funds. Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds. (704,840)

Adjustments to reflect the consolidation of prior years internal service fund activities related to enterprise funds. (644,312)

Net assets of business-type activities \$ 122,716,393

CITY OF DAVENPORT

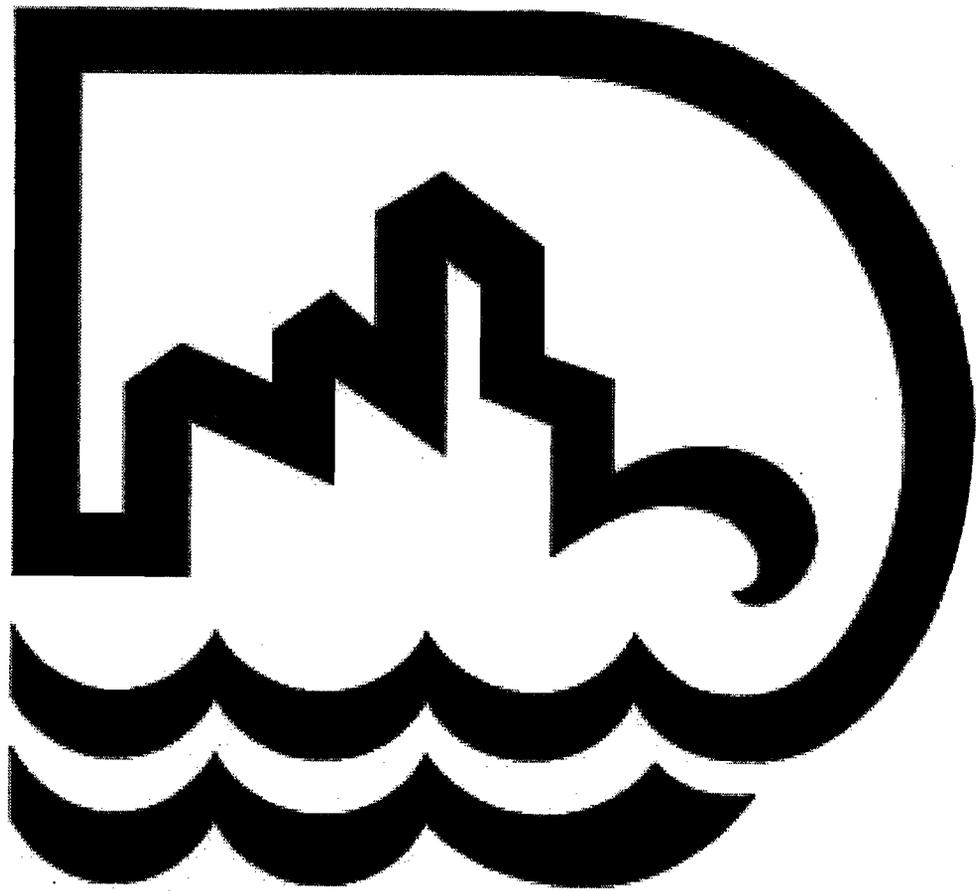
**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2007**

	BUSINESS-TYPE ACTIVITIES -		
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>	<u>RIVERCENTER</u>
OPERATING REVENUES:			
Charges for services	\$ 1,545,689	\$ 10,151,322	\$ 918,739
Fines and forfeits	220,296	-	-
Other	2,298	6,076	3,616
Total Operating Revenues	<u>1,768,283</u>	<u>10,157,398</u>	<u>922,355</u>
OPERATING EXPENSES:			
Employee expenses	497,785	4,728,510	44,104
Supplies and services	577,447	4,196,219	1,480,288
Depreciation	723,831	3,232,096	484,726
Total Operating Expenses	<u>1,799,063</u>	<u>12,156,825</u>	<u>2,009,118</u>
OPERATING INCOME (LOSS)	<u>(30,780)</u>	<u>(1,999,427)</u>	<u>(1,086,763)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	-	-	-
Use of monies and property	95,433	579,411	80
Interest expense	(427,995)	(882,003)	-
Gain (loss) on disposition of capital assets	(20,500)	(10,805)	(5,894,826)
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>(353,062)</u>	<u>(313,397)</u>	<u>(5,894,746)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(383,842)</u>	<u>(2,312,824)</u>	<u>(6,981,509)</u>
Capital contributions	-	2,580,550	53,789
Transfers in	-	-	601,957
Transfers out	-	-	-
Change in net assets	<u>(383,842)</u>	<u>267,726</u>	<u>(6,325,763)</u>
Total net assets - beginning	<u>17,531,742</u>	<u>60,409,963</u>	<u>20,506,556</u>
Total net assets - ending	<u>\$ 17,147,900</u>	<u>\$ 60,677,689</u>	<u>\$ 14,180,793</u>

The notes to the financial statements are an integral part of this statement.

ENTERPRISE FUNDS

<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 9,456,193	\$ 22,071,943	\$ 15,444,896
-	220,296	-
<u>54,161</u>	<u>66,151</u>	<u>3,584</u>
<u>9,510,354</u>	<u>22,358,390</u>	<u>15,448,480</u>
6,200,132	11,470,531	1,453,948
6,624,368	12,878,322	17,145,730
1,942,171	6,382,824	107,861
<u>14,766,671</u>	<u>30,731,677</u>	<u>18,707,539</u>
<u>(5,256,317)</u>	<u>(8,373,287)</u>	<u>(3,259,059)</u>
3,017,365	3,017,365	-
1,463,558	1,463,558	-
115,366	790,290	389,290
(67,044)	(1,377,042)	-
(114,822)	(6,040,953)	-
(106,532)	(106,532)	-
<u>4,307,891</u>	<u>(2,253,314)</u>	<u>389,290</u>
(948,426)	(10,626,601)	(2,869,769)
1,830,822	4,465,161	399,900
-	601,957	-
<u>(90,649)</u>	<u>(90,649)</u>	<u>-</u>
<u>791,747</u>	<u>(5,650,132)</u>	<u>(2,469,869)</u>
<u>31,267,416</u>	<u>129,715,677</u>	<u>2,216,665</u>
<u>\$ 32,059,163</u>	<u>\$ 124,065,545</u>	<u>\$ (253,204)</u>



CITY OF DAVENPORT

**RECONCILIATION OF THE CHANGE IN NET ASSETS OF ENTERPRISE FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2007**

Net change in net assets in enterprise funds \$ (5,650,132)

Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of various activities internally to individual funds. Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (704,840)

Change in net assets of business-type activities \$ (6,354,972)

The notes to the financial statements are an integral part of this statement

CITY OF DAVENPORT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007**

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 1,729,884	\$ 9,588,107
Cash paid to suppliers for goods and services	(571,759)	(4,160,657)
Cash paid to employees for services	(492,421)	(4,699,796)
Other operating revenue	2,298	6,076
Net Cash Provided by (Used for) Operating Activities	<u>668,002</u>	<u>733,730</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayments to other funds	-	(862,409)
Advances from other funds	-	920,735
Operating grants	-	-
Property tax	-	-
Transfers in	-	-
Transfers out	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>58,326</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from general obligation bonds	-	460,000
Proceeds from the sale of capital assets	40,000	-
Acquisition and construction of capital assets	-	(983,483)
Principal paid on long-term debt	(327,750)	(1,572,050)
Interest paid on long-term debt	(423,667)	(467,661)
Special assessments	-	7,057
Refunding bond proceeds	-	385,375
Payment to refunding bond escrow agent	-	(383,326)
Refunding issue costs	-	(1,194)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(711,417)</u>	<u>(2,555,282)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and investment income	<u>102,294</u>	<u>630,138</u>
Net Increase (Decrease) in Cash and Cash Equivalents	58,879	(1,133,088)
CASH AND CASH EQUIVALENTS-BEGINNING	<u>1,385,960</u>	<u>10,273,279</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 1,444,839</u>	<u>\$ 9,140,191</u>

The notes to the financial statements are an integral part of this statement.

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
\$ 833,755	\$ 9,325,592	\$ 21,477,338	\$ 15,526,065
(1,427,051)	(6,659,224)	(12,818,691)	(15,587,383)
(32,285)	(6,184,890)	(11,409,392)	(1,450,192)
3,616	54,161	66,151	3,584
<u>(621,965)</u>	<u>(3,464,361)</u>	<u>(2,684,594)</u>	<u>(1,507,926)</u>
-	(875,433)	(1,737,842)	-
-	890,814	1,811,549	-
-	1,463,558	1,463,558	-
-	3,017,365	3,017,365	-
601,957	-	601,957	-
-	(90,649)	(90,649)	-
<u>601,957</u>	<u>4,405,655</u>	<u>5,065,938</u>	<u>-</u>
-	-	460,000	-
-	-	40,000	-
-	(303,371)	(1,286,854)	-
-	(235,000)	(2,134,800)	-
-	(52,228)	(943,556)	-
-	-	7,057	-
-	-	385,375	-
-	-	(383,326)	-
-	-	(1,194)	-
-	<u>(590,599)</u>	<u>(3,857,298)</u>	<u>-</u>
<u>80</u>	<u>119,369</u>	<u>851,881</u>	<u>426,125</u>
(19,928)	470,064	(624,073)	(1,081,801)
<u>452,485</u>	<u>910,286</u>	<u>13,022,010</u>	<u>6,589,194</u>
<u>\$ 432,557</u>	<u>\$ 1,380,350</u>	<u>\$ 12,397,937</u>	<u>\$ 5,507,393</u>

CITY OF DAVENPORT

**PROPRIETARY FUNDS (CONTINUED)
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007**

	<u>BUSINESS-TYPE ACTIVITIES -</u>	
	<u>PARKING SYSTEM</u>	<u>SEWER OPERATIONS</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>		
Operating Income (Loss)	<u>\$ (30,780)</u>	<u>\$ (1,999,427)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	723,831	3,232,096
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(36,101)	(595,698)
Decrease (increase) in due from other governments	-	32,483
Decrease (increase) in prepaids	-	(662)
Increase (decrease) in accounts payable	5,688	36,224
Increase (decrease) in other accrued liabilities	5,364	28,714
Increase (decrease) in other deferred revenue	-	-
Total Adjustments	<u>698,782</u>	<u>2,733,157</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 668,002</u>	<u>\$ 733,730</u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Acquisition of capital assets	\$ -	\$ (2,050,302)
Contribution of capital assets by municipality	-	-
Contribution of capital assets by subdividers	-	1,371,858
Contribution of capital assets by state and federal governments	-	678,444

ENTERPRISE FUNDS

<u>RIVERCENTER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS</u>
<u>\$ (1,086,763)</u>	<u>\$ (5,256,317)</u>	<u>\$ (8,373,287)</u>	<u>\$ (3,259,059)</u>
484,726	1,942,171	6,382,824	107,861
(61,167)	(359,141)	(1,052,107)	81,169
-	232,211	264,694	-
61,124	-	60,462	3,688
(7,886)	(34,857)	(831)	1,558,499
11,819	15,243	61,140	(84)
<u>(23,818)</u>	<u>(3,671)</u>	<u>(27,489)</u>	<u>-</u>
<u>464,798</u>	<u>1,791,956</u>	<u>5,688,693</u>	<u>1,751,133</u>
<u>\$ (621,965)</u>	<u>\$ (3,464,361)</u>	<u>\$ (2,684,594)</u>	<u>\$ (1,507,926)</u>
\$ (53,789)	\$ (1,830,822)	\$ (3,934,913)	\$ (399,900)
53,789	1,071,543	1,125,332	399,900
-	759,279	2,131,137	-
-	-	678,444	-

CITY OF DAVENPORT

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2007**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash and investments	\$ 312,839
Interest receivable	813
Total assets	<u>\$ 313,652</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 5,426
Due to other governments	308,226
Total liabilities	<u>\$ 313,652</u>

The notes to the financial statements are an integral part of this statement.

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Davenport, Iowa, was incorporated in 1836 and is one of the few remaining special charter cities in Iowa. The General Assembly of Iowa in 1851 adopted a special charter of the City and with subsequent amendments adopted by the General Assembly in 1853, 1855 and 1857, the charter has remained unchanged to this date. Subsequent changes to the laws of the State of Iowa affecting cities under special charter have been made from time to time and are now codified in Chapter 420, Code of Iowa. The form of City government is Mayor-Council, utilizing a professional City Administrator. The City of Davenport provides a wide variety of public services through eleven professionally staffed departments and the office of the City Administrator, including public safety (police and fire), streets, sewers and bridges, garbage and refuse collection, sewage treatment, culture-recreation, mass transportation, public improvements, planning and zoning, and general administrative services.

These financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the City's governing body required by financial reporting standards for governmental units, are included herewith.

The City of Davenport has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

The City of Davenport does not include any component units within its reporting entity.

Joint Venture – the City is a participant in a joint venture agreement (Quad-City Garage Policy Group) with Rock Island County, Illinois, which is adjacent to Davenport, for the operation of a garage and maintenance facility used by the transit programs of each entity. The City maintains a 12% interest in the venture with Rock Island County maintaining the remaining 88%. Funding of the maintenance operation is achieved through allocation of expenditures between the City and Rock Island County based upon usage.

Operations are reimbursed on a break-even basis, the City providing approximately 25% and Rock Island County providing 75% for the year. The City paid \$1,238,281 in maintenance fees during the year. The Group is accounted for on an equity basis as an investment in joint venture in the Transit Fund (Note 8). Financial statements of the Quad-City Garage Policy Group may be obtained from the entity's administrative office at 2929 5th Avenue, Rock Island, IL 61201.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories. *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets. *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

provisions or enabling legislation. *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, propriety funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Fund Accounting

The accounts of the City are organized on the basis of funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balances/net assets, revenues and expenditures or expenses, as appropriate. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as non-major governmental and proprietary funds. The City has the following funds:

(1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions of the city are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

(a) General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required legally or by sound financial management to be accounted for in another fund.

(b) Local Option Sales Tax Fund

The Local Option Sales Tax Fund is a special revenue fund, which accounts for revenue received from a 1% sales tax, to be used for property tax relief and public improvements.

(c) General Debt Service Fund

The General Debt Service Fund is a debt service fund which accounts for the accumulation of resources for and the payment of principal and interest on general obligation long-term debt from governmental resources and principal and interest on special assessment debt with governmental commitment from special assessment levies. The City levies an annual property tax, which is unlimited by law, to finance the debt service requirements not abated by special assessments.

(d) Capital Projects Fund

The Capital Projects Fund is used to account for the resources used for the acquisition and construction of major capital facilities, except those financed by Proprietary Funds.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

(2) Proprietary Fund Types

Proprietary fund types are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations.

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services, which are supported primarily by user charges. The following comprise the City's major enterprise funds:

- (a) **Parking System Fund** – Accounts for revenue and expenses associated with the City's parking system, which provides both on-street and off-street parking.
- (b) **Sewer Operations Fund** – Accounts for revenue and expenses of the system responsible for collecting and treating the wastewater of the Cities of Davenport, Bettendorf, Riverdale, and Panorama Park. Davenport accumulates the costs of operations, construction, and equipment replacement, and bills the other cities monthly for their portion of such costs based on an actual usage percentage calculated annually.
- (c) **RiverCenter Fund** – Accounts for rental income and expenses associated with the operation of a 57,000 square foot conference, convention and trade show facility.

Internal service funds are used to finance and account for, employee insurance, risk management, and information management services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

(3) Fiduciary Fund Types

Fiduciary fund types are used to account for assets held by the City in a trustee capacity under a formal trust agreement or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the City's fiduciary fund type:

- (a) Agency Funds

Agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations. The agency funds function primarily as a clearing mechanism for cash resources, which are collected, held as such for brief period, and then disbursed to authorized recipients.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency funds do not have a measurement focus, as they record only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeits, charges for services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of monies and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. The current tax receivable represents the 2008 levy certified on March 15, 2007 based on the 2006 assessed valuations. As the levy is intended for use in the 2008 fiscal year, the revenue has been recorded as deferred revenue. Taxes are levied on July 1 and are payable in two installments on September 30 and March 31. Tax payments become delinquent on October 1 and April 1. The County Treasurer bills and collects property taxes for the City. Property taxes are considered available if received within 60 days of year-end.

The City is permitted by the Code of Iowa to levy taxes up to \$8.10 per \$1,000 of assessed valuation for General Fund purposes, \$.27 per \$1,000 of assessed valuation for an Emergency Fund to assist in the funding of General Fund activities, \$.95 per \$1,000 of assessed valuation for a mass transportation program and unlimited amounts for the payment of principal and interest on general obligation bonds, judgments awarded against the City, trust and agency accounts for pension and related employee benefits funds, and to pay the premium costs on tort liability insurance. The combined tax rate for the collection year ended June 30, 2007 was \$15.58 per \$1,000 of assessed valuation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services. The principal operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses and include interest earnings and interest payments

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Encumbrances

Appropriations in the governmental funds are charged for encumbrances when commitments are made. Fund balances are reserved for outstanding encumbrances. The subsequent year's appropriation provides authority to complete these transactions as expenditures.

F. Cash and Pooled Cash Investments

Except where otherwise required, the City maintains all deposits in a bank account in the name of the City. Cash resources have been pooled in order to maximize investment opportunities. Income from investments purchased with pooled cash is allocated to individual funds based on the fund's average cash balance and legal requirements. Fund cash deficits, which represent current loans between funds, have been reported as interfund loans receivable/payable.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

G. Investments

Investments are stated at fair value or amortized cost.

H. Statement of Cash Flows

For the purpose of the statement of cash flows, the City considers all liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

I. Restricted Assets

If the use of monies received is limited by City ordinance and/or contract provisions, they are reported as restricted assets. Also, liabilities which are payable from restricted assets are reported as such. The following assets are reported as restricted at June 30, 2007: unexpended general obligation bond proceeds and other funds restricted to capital outlay of \$5,529,275 and deposits of \$735,494 in the Sewer Enterprise Fund, security deposits of \$27,533 in the Public Housing Fund, catering deposits of \$2,000 in the RiverCenter Enterprise Fund, other funds restricted for capital outlay of \$193,273 in the Golf Courses Enterprise Fund and loan escrow payments of \$162,795 in the Community Development Act Special Revenue Fund.

J. Capital Assets

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statement. Generally, capital assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of one year or greater. Assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value on the date donated.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Buildings	40 years
Improvements	10-20 years
Equipment and vehicles	3-15 years
Sanitary sewers	40 years
Paving	10-30 years
Storm sewers	30 years
Traffic signals	20-40 years

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to a City policy that requires proceeds from sale of these items to be used to acquire other collection items.

K. Deferred Revenue

Deferred revenue in the governmental funds represent amounts due, which are measurable, but not available. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within 60 days after year end.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

L. Interfund Transactions

Interfund transactions that would be treated as revenue and expenditures or expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. Major transactions that fall into this category include payments to the Sewer Fund for fees and payments to the Internal Service Funds for costs of the City's insurance programs and data processing system.

Transfers from funds receiving revenue to funds through which the resources are to be expended and operating loss subsidies are classified as transfers. Major transactions that fall into this category include transfers from the Local Option Sales Tax Fund to the General Debt Service Fund and the Capital Projects Fund and a transfer from the General Fund to subsidize the operating loss of the RiverCenter Enterprise Fund.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "interfund loans/receivables." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

M. Compensated Absences

City employees earn vacation and sick leave based upon union contracts or City policy on an annual basis and are credited with vacation and sick leave hours each payroll period. Vacation leave is fully vested when earned. In general, except for Police and Fire personnel, 75% of accumulated sick leave in excess of 720 hours earned prior to July 1, 1987 is vested using the employees' hourly rate at July 1, 1987. For Police and Fire personnel hired before July 1, 1988, 75% of accumulated sick leave earned in excess of 720 hours is vested using the employees' hourly rate at the time of termination. Employees are offered the option of accumulating overtime hours to be taken as compensatory time off rather than being paid for them on a current basis; any amounts unused at time of termination are also paid.

For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. Fund Equity

In the governmental fund financial statements, reservations of fund balance represent amounts, which are legally restricted to a specific future use or not available for appropriation. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

P. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

2. INDIVIDUAL FUND DISCLOSURES

The Risk Management internal service fund has a deficit unrestricted net asset balance of \$2,222,409 as of June 30, 2007. The Golf Course non-major proprietary fund has a deficit unrestricted net asset balance of \$2,856 as of June 30, 2007.

3. DEPOSITS AND INVESTMENTS

A. Deposits

Chapter 12C of the Code of Iowa requires that all City funds be deposited into an approved depository and either insured or collateralized. At year-end, the carrying amount of the City's deposits was \$48,881,724 and the bank balances were \$49,807,212. Of the bank balances, \$500,000 was covered by federal depository insurance and \$49,307,212 was insured by the State through pooled collateral, State sinking funds, and the State's ability to assess for lost funds.

B. Investments

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of Public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities, certificates of deposit or other evidences of deposit at federally insured Iowa institutions approved by the City Council; prime eligible bankers acceptances, certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and state and local securities.

At June 30, 2007, the City had the following investments:

Type	Fair Value	Maturities	Credit Ratings
Federal National Mortgage Association (FNMA)	\$10,551,259	August 2007- January 2008	AAA
Federal Home Loan Bank (FHLB)	5,170,042	September 2007- May 2008	AAA
Federal Home Loan and Mortgage Corporation(FHLMC)	4,074,415	February 2008- June 2008	AAA

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 (CONTINUED)

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,156,820 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – the City’s investment policy limits the investment of operating funds in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk – the City’s investment in the Iowa Public Agency Investment Trust is unrated.

Custodial credit risk – for an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City had no custodially-held investments during the year.

4. FUND TRANSFER RECONCILIATION

The following is a schedule of transfers in and out as included in the financial statements of the City (numbers expressed in thousands):

	Transfer in:					Total transfer
	General Fund	General Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	RiverCenter Fund	
Transfer out:						
General Fund	-	-	\$ 1,370	\$150	\$ 602	\$ 2,122
Local Option Sales Tax Fund	-	\$ 8,645	3,349	-	-	11,994
Capital Projects Fund	-	-	-	-	-	-
Non-major Governmental Funds	\$ 567	-	38	-	-	605
Non-major Enterprise Funds	-	-	-	91	-	91
Total Transfer	\$ 567	\$ 8,645	\$ 4,757	\$241	\$ 602	\$ 14,812

Transfers are used to move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

5. Changes in Capital Assets

The following is a summary of changes in capital assets for the year ended June 30,2007:

	BEGINNING BALANCE 06/30/06	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE 06/30/07
GOVERNMENTAL ACTIVITIES					
Capital assets, not being depreciated:					
Land	\$ 15,320,426	\$ 236,345	\$ -	\$ -	\$ 15,556,771
Construction in progress	13,169,687	25,973,983	(17,011)	(14,491,614)	24,635,045
Total capital assets, not being depreciated	<u>28,490,113</u>	<u>26,210,328</u>	<u>(17,011)</u>	<u>(14,491,614)</u>	<u>40,191,816</u>
Capital assets being depreciated					
Buildings	69,272,062	514,558	-	(14,450)	69,772,170
Improvements other than buildings	9,078,752	2,848,611	-	-	11,927,363
Equipment and vehicles	27,653,821	3,894,550	(450,650)	(1,283,825)	29,813,896
Bridges	4,163,028	311,369	-	-	4,474,397
Traffic Signals	7,143,181	9,800	-	-	7,152,981
Paving	119,731,114	10,849,153	-	-	130,580,267
Seawalls	-	622,467	-	-	622,467
Tunnels	-	54,326	-	-	54,326
Total capital assets being depreciated	<u>237,041,958</u>	<u>19,104,834</u>	<u>(450,650)</u>	<u>(1,298,275)</u>	<u>254,397,867</u>
Less accumulated depreciation for:					
Buildings	18,522,788	1,964,530	-	(8,670)	20,478,648
Improvements other than buildings	3,812,079	494,965	-	-	4,307,044
Equipment and vehicles	19,989,471	1,890,500	(194,500)	(1,260,121)	20,425,350
Bridges	1,631,761	109,847	-	-	1,741,608
Traffic signals	4,094,986	241,979	-	-	4,336,965
Paving	31,812,009	4,477,672	-	-	36,289,681
Seawalls	-	3,890	-	-	3,890
Tunnels	-	2,037	-	-	2,037
Total accumulated depreciation	<u>79,863,094</u>	<u>9,185,420</u>	<u>(194,500)</u>	<u>(1,268,791)</u>	<u>87,585,223</u>
Total capital assets being depreciated, net	<u>157,178,864</u>	<u>9,919,414</u>	<u>(256,150)</u>	<u>(29,484)</u>	<u>166,812,644</u>
Governmental activities capital assets, net	<u>\$ 185,668,977</u>	<u>\$ 36,129,742</u>	<u>\$ (273,161)</u>	<u>\$ (14,521,098)</u>	<u>\$ 207,004,460</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets, not being depreciated:					
Land	\$ 11,008,092	\$ 124,502	\$ -	\$ (213,180)	\$ 10,919,414
Construction in progress	6,900,432	2,721,747	17,011	(6,131,459)	3,507,731
Total capital assets not being depreciated	<u>17,908,524</u>	<u>2,846,249</u>	<u>17,011</u>	<u>(6,344,639)</u>	<u>14,427,145</u>
Capital assets, being depreciated:					
Buildings	88,927,623	1,107,006	-	(2,132,706)	87,901,923
Improvements other than buildings	9,140,813	23,443	-	(80,667)	9,083,589
Equipment and vehicles	27,234,778	1,229,543	450,650	(1,552,161)	27,362,810
Sanitary sewer	59,616,469	1,654,714	-	-	61,271,183
Storm Sewer	16,255,280	759,279	-	-	17,014,559
Paving	175,886	6,888	-	-	182,774
Total capital assets being depreciated	<u>201,350,849</u>	<u>4,780,873</u>	<u>450,650</u>	<u>(3,765,534)</u>	<u>202,816,838</u>
Less accumulated depreciation for:					
Buildings	32,363,260	2,284,363	-	(655,306)	33,992,317
Improvements other than buildings	4,793,737	382,820	-	(65,035)	5,111,522
Equipment and vehicles	15,604,258	1,730,818	194,500	(1,414,343)	16,115,233
Sanitary sewer	25,346,216	1,433,119	-	-	26,779,335
Storm sewer	5,595,499	546,054	-	-	6,141,553
Paving	3,492	5,650	-	-	9,142
Total accumulated depreciation	<u>83,706,462</u>	<u>6,382,824</u>	<u>194,500</u>	<u>(2,134,684)</u>	<u>88,149,102</u>
Total capital assets,being depreciated, net	<u>117,644,387</u>	<u>(1,601,951)</u>	<u>256,150</u>	<u>(1,630,850)</u>	<u>114,667,736</u>
Business-type activities capital assets, net	<u>\$ 135,552,911</u>	<u>\$ 1,244,298</u>	<u>\$ 273,161</u>	<u>\$ (7,975,489)</u>	<u>\$ 129,094,881</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:	
General government	\$ 549,895
Community & economic development	5,176
Public works	5,866,944
Public safety	948,213
Culture & recreation	1,707,331
Internal service assets are charged to the various functions based on their usage of the assets	107,861
Total depreciation expense-governmental activities	<u>\$9,185,420</u>
Business-type activities:	
Parking systems	\$ 723,831
Sewer operations	3,232,096
RiverCenter	484,726
Public transit	367,444
Public housing	245,458
Golf courses	187,666
Airport	309,232
Curbside recycling	222,844
Clean water	609,527
Total depreciation expense-business-type activities	<u>\$6,382,824</u>

The government has active construction projects as of June 30, 2007. The projects include street construction and improvements, sanitary sewer and water pollution control plant improvements, parks, city wide beautification, public buildings and police facility. At the year end the government's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Streets/Improvements	\$ 14,905,389	\$ 1,441,968
Sanitary Sewer/WPCP	1,897,268	620,432
Parks	2,414,573	916,344
Public Buildings	3,864,405	254,952
Police Facility	16,035,563	5,658,048
Total	<u>\$39,117,198</u>	<u>\$ 8,891,744</u>

The streets and improvements are being financed with state and federal grants along with general obligation bonds, local option sales tax, and road use tax. The sanitary sewers and water pollution control plant improvements are being funded by general obligation bonds being serviced by the Sewer Operations Fund. The police facility project is financed by general obligation bonds.

6. EMPLOYEE RETIREMENT SYSTEMS

The City participates in two statewide retirement plans. The Iowa Public Employees Retirement System (IPERS) covers all employees (excluding firefighters and sworn police officers) earning in excess of \$300 per quarter. The Municipal Fire and Police Retirement System of Iowa covers firefighters and sworn police officers.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

The City also makes contributions to specific employee groups' Section 457 deferred compensation plans as described in Section C following.

A. Iowa Public Employees Retirement System

The City of Davenport contributes to IPERS which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.7% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$1,461,389, \$1,417,480, and \$1,363,303 respectively, equal to the required contributions for each year.

B. Municipal Fire and Police Retirement System of Iowa

The City of Davenport contributes to MFPRSI which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees. The plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

MFPRSI Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rates for the years ended June 30, 2007, 2006 and 2005 were 28.21%, 28.21%, and 24.92%. Contribution requirements are established by State statute. The City's contributions to the plan for the years ended June 30, 2007, 2006 and 2005 were \$4,732,522, \$4,627,402, and \$3,886,380 respectively, which met the required contributions for each year.

C. 457 Deferred Compensation Contributions

The City of Davenport contributes 2 to 5% matches to Police and Fire, Teamsters, Non-bargaining Management and department director's 457 deferred compensation plans. The City's contributions for the years ended June 30, 2007, 2006 and 2005 were \$1,369,983, \$1,062,720, and \$800,355 respectively.

7. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2007, interfund receivables and payables are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Non-major Governmental Funds	\$ 562,913
	Non-major Enterprise Funds	890,814
General Debt Service	Local Option Sales Tax	1,339,080
Capital Projects	Sewer	185,241
	Local Option Sales Tax	221,795
	General	242
		<u>\$3,200,085</u>

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

Interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

8. JOINT VENTURE

The City of Davenport, Iowa and the Board of Trustees of the Rock Island County Metropolitan Mass Transit District (MetroLink), Illinois entered into an agreement in July 1979, which was amended in June 1982, which designates the Quad-City Garage Policy Group (QCGPG) to oversee and operate a joint maintenance and storage facility for transit vehicles and related equipment owned and/or operated by the two parties. Davenport's authority to enter this agreement arises from powers granted by Chapter 28E of the Code of Iowa.

The City of Davenport and MetroLink have jointly constructed a maintenance facility. The City contributed \$542,196 and the MetroLink contributed \$362,523. The remainder of the funding was provided by grants from the Federal Transit Administration and the State of Illinois in the amount of \$5,495,205. The maintenance facility is recorded as an asset of MetroLink, and not by the QCGPG.

The QCGPG consists of six (6) members, three (3) each representing the City of Davenport and MetroLink. Two members and an alternate are appointed by the Mayor of Davenport, subject to the approval of the Davenport City Council. Two members and alternate are appointed by the Chairman of the MetroLink Board of Trustees, subject to the approval of the Board of Trustees of the MetroLink. Officers are chosen from the above six (6) members, and there are two voting members each representing the City of Davenport and MetroLink. The facility supervisor, appointed by the parties, prepares an annual budget, which is presented to the parties, or to the QCGPG for their approval. Expenses incurred by the QCGPG are allocated either (a) on the basis of ownership of the facility, or (b) on the basis of the number of buses that the respective parties have in service.

A summary of the latest available financial information for the QCGPG as of June 30, 2007, and for the year then ended is as follows:

Total assets	<u>\$748,383</u>
Total liabilities	<u>\$245,927</u>
Total equity	<u>\$502,456</u>
Total revenue	\$4,091,531
Total expenses	<u>4,144,872</u>
Net change in fund equity	<u>(\$53,341)</u>

The City uses the equity method of accounting for this investment. At June 30, 2007, this amounted to \$516,833 which includes the City's share of both the maintenance facility and the fund equity of the QCGPG.

Additional information concerning the QCGPG is available in its separately issued annual report, which may be obtained from the entity's administrative office 2929 5th Avenue, Rock Island, IL 61201.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

9. LONG-TERM DEBT

The following is a summary of changes in long-term debt, net of the deferred portion of issuance costs, for the year ended June 30, 2007 (numbers shown in thousands):

Governmental Activities:	Balance July 1,2006	Additions	Retirements	Balance June 30,2007	Due Within One Year
Bonds Payable:					
General Obligation Bonds	\$ 116,654	\$ 24,900	\$ (24,118)	\$ 117,436	\$ 12,319
Special Assessment Debt	820	-	(17)	803	-
Less deferred costs:					
issuance-discounts	(400)	(51)	34	(417)	-
Refundings	(400)	(55)	187	(268)	-
Total Bonds Payable	116,674	24,794	(23,914)	117,554	12,319
Compensated Absences	5,413	4,388	(4,240)	5,561	4,318
Loans Payable-Other Govts	33	-	(13)	20	14
Note Payable	404	-	(123)	281	134
	<u>\$ 122,524</u>	<u>\$ 29,182</u>	<u>\$ (28,290)</u>	<u>\$ 123,416</u>	<u>\$ 16,785</u>
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 22,280	\$ 845	\$ (2,519)	\$ 20,606	\$ 2,135
Less deferred costs:					
issuance-discounts	(119)	(2)	24	(97)	-
Total Bonds Payable	22,161	843	(2,495)	20,509	2,135
Compensated Absences	606	907	(884)	629	488
	<u>\$ 22,767</u>	<u>\$ 1,750</u>	<u>\$ (3,379)</u>	<u>\$ 21,138</u>	<u>\$ 2,623</u>

The City is obligated for the Special Assessment Debt with governmental commitment debt service payments.

Internal service funds predominantly serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$95,377 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the fund incurring the expense.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

General obligation bonds payable (balance outstanding in thousands of dollars) at June 30, 2006, is comprised of the following individual issues:

A.	Matured bonds not presented for payment.	\$ 20
B.	\$7,745,000 1996 Refunding of 1988 Parks, Streets, Sewers and Public Improvements; advance refunding of 1989 Streets, Sewers, Parks and Public Buildings; and advance refunding of 1990 Economic Development serial bonds due in annual installments of \$50,000 to \$1,095,000 through June 1, 2010; interest at 4.2 to 5.4 percent (\$890,000, \$2,190,000, and \$205,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, the Sewer Enterprise Fund, and the Golf Courses Enterprise Fund, respectively).	150
C.	\$5,250,000 1998 advance refunding of 1988 Urban Renewal, Airport and Stadium; advance refunding of 1989 Stadium and Urban Renewal; advance refunding of 1990 Economic Development due in annual installments of \$185,000 to \$800,000 through June 1, 2010; interest at 6.1 to 6.2 percent (\$3,950,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund).	705
D.	\$7,485,000 1999 Streets, Sewers, Buildings, Housing and Equipment serial bonds due in annual installments of \$390,000 to \$620,000 through June 1, 2014; interest at 4.5 to 4.9 percent (\$380,000, \$1,645,000 and \$1,120,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund, Sewer Enterprise Fund and Public Housing Enterprise Fund, respectively).	3,360
E.	\$8,620,000 2000 Streets, Sewers, Buildings, Equipment and Economic Development serial bonds due in annual installments of \$475,000 to \$1,850,000 through June 1, 2015; interest at 4.4 to 5.1 percent (\$425,000 and \$1,850,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise Fund, respectively).	4,700
F.	\$1,100,000 2000 Economic Development serial bonds due in annual installments of \$105,000 to \$175,000 through June 1, 2010; interest at 6.9 to 7.0 percent (\$1,110,000 of principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund).	485
G.	\$11,720,000 2001 Refunding of 1993 Economic Development, Sewers, Buildings, Equipment and Public Improvements serial bonds due in annual installments of \$1,595,000 to \$1,730,000 through June 1, 2008; interest at 4.0 to 4.5 percent (\$1,290,000 and 2,700,000 of principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund and Sewer Enterprise Fund, respectively).	1,730
H.	\$19,540,000 2001 Streets, Signals, Parks, Equipment, Golf and Parking serial bonds due in annual installments of \$645,000 to \$1,375,000 through June 1, 2021; interest at 3.0 to 5.0 percent (\$615,000, \$971,737, \$3,391,013 and \$4,957,250 in principal and interest thereon are being serviced by the Golf Courses Enterprise Fund, Municipal Districts Special Revenue Fund, Tax Increment Financing Districts Debt Service Fund and Parking Enterprise Fund, respectively).	14,125
I.	\$5,195,000 2001 Parking serial bonds due in annual installments of \$45,000 to \$470,000 through June 1, 2021; interest at 6.3 to 6.7 percent (\$5,195,000 in principal and interest hereon is being serviced by the Parking Enterprise Fund).	4,560

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

J.	\$4,415,000 2001 Refunding of 1994A Economic Development, Sewers, Equipment and Public Improvements serial bonds due in annual installments of \$565,000 to \$705,000 through June 1, 2009; interest at 3.5 to 4.2 percent (\$1,285,000 and \$830,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Municipal Improvement Districts Special Revenue Funds, respectively).	1,385
K.	\$2,755,000 2001 Refunding of 1994B Economic Development serial bonds due in annual installments of \$10,000 to \$365,000 through June 1, 2014; interest at 4.0 to 6.0 percent (\$2,179,940 and \$170,018 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Levee Improvement Commission Special Revenue Fund, respectively).	1,165
L.	\$15,490,000 2002 Streets, Buildings, Parks, Equipment and Sewers serial bonds due in annual installments of \$830,000 to \$1,260,000 through June 1, 2017; interest at 3.0 to 4.4 percent (\$5,350,000 in principal and interest thereon is being serviced by the Sewer Enterprise Fund).	9,810
M.	\$12,160,000 2003 Stadium serial bonds due in annual installments of \$390,000 to \$1,140,000 through June 1, 2018; interest at 2.0 to 5.2 percent.	8,410
N.	\$9,390,000 2003 Streets, Sewers, Golf, and Equipment serial bonds due in annual installments of \$235,000 to \$1,315,000 through June 1, 2018; interest at 2.5 to 4.1 percent (\$735,000 and \$330,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund and the Golf Courses Enterprise Fund, respectively).	7,725
O.	\$2,325,000 2003 advance refunding of 1995 Streets, Sewers, Buildings and Equipment serial bonds due in annual installments of \$10,000 to \$410,000 through June 1, 2010; interest at 2.0 to 3.0 percent (\$534,750 in principal and interest thereon is being serviced by the Sewer Enterprise Fund).	1,195
P.	\$9,685,000 2003 advance refunding of 1996 Building, Streets, Sewers and Equipment serial bonds due in annual installments of \$40,000 to \$1,015,000 through June 1, 2016; interest at 2.0 to 4.0 percent (\$130,000 and \$138,250 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund and the Sewer Enterprise Fund, respectively).	7,630
Q.	\$3,150,000 2004 Economic Development serial bonds due in annual installments of \$130,000 to \$265,000 through June 1, 2023; interest at 4.5 to 5.1 percent (\$3,150,000 in principal and interest thereon are being serviced by the Tax Increment Financing District Debt Service Fund).	3,020
R.	\$4,535,000 2004 Streets, Sewers and River Renaissance serial bonds due in annual installments of \$195,000 to \$400,000 through June 1, 2019; interest at 2.0 to 4.0 percent (\$695,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund).	3,595
S.	\$11,690,000 2004 Streets, Buildings, Sewers, Airport and Equipment serial bonds due in annual installments of \$680,000 to \$900,000 through June 1, 2019; interest at 3.2 to 4.25 percent (\$1,130,000, \$255,000 and \$205,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund, Tax Increment Financing District Debt Service Fund and the Airport Enterprise Fund, respectively.)	9,345

CITY OF DAVENPORT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007 (CONTINUED)

T.	\$36,115,000 2005 Buildings, Streets, Sewers and Equipment serial bonds due in annual installments of \$1,160,000 to \$2,490,000 through June 1, 2025; interest at 4.0 to 4.5 percent (\$455,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	31,835
U.	\$3,615,000 2006A Refunding of 1997A Streets, Sewers, Building and Parks serial bonds due in annual installments of \$115,000 to \$530,000 through June 1, 2017; interest at 3.6 to 3.7 percent (\$119,800 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	3,180
V.	\$1,330,000 2006B Refunding of 1997 Economic Development serial bonds due in annual installments of \$95,000 to \$150,000 through June 1, 2017; interest at 5.0 percent (\$60,000 in principal and interest thereon are being serviced by the Tax Increment Financing Districts Debt Service Fund.)	1,195
W.	\$14,400,000 2007A Streets, Equipment and Parks serial bonds due in annual installments of \$810,000 to \$1,280,000 through June 1, 2021; interest at 4.0 to 4.125 percent (\$460,000 in principal and interest thereon are being serviced by the Sewer Enterprise Fund.)	13,120
X.	\$6,400,000 2007B Refunding of 1998A Streets, Sewers, Buildings and Equipment serial bonds and refunding of 1998 Streets, Sewers, Buildings, Parks and Equipment serial bonds due in annual installments of \$495,000 to \$1,285,000 through June 1, 2013; interest at 4.0 to 4.25 percent (\$669,300 and \$265,575 in principal and interest thereon are being serviced by the Tax Increment Districts Debt Service Fund and Sewer Enterprise Fund, respectively.)	6,400
		6,400
	Total general obligation bonds	138,845
	General obligation bonds serviced by Enterprise Funds	(20,606)
	Matured bonds	(20)
	General obligation bonds reported in Governmental Activities	\$ 118,219

On August 1, 1990, pursuant to Section 384.14A of the Code of Iowa, the City issued a non-interest bearing general obligation tax increment note in the amount of \$2,880,000 to Nichols-Homeshield, Inc. in support of an economic development grant. Terms of the note call for repayment at the rate of \$160,000 on September 1 in each of the years 1991-2008, inclusive. As provided in the note agreement, Nichols-Homeshield, Inc. requested immediate payment of the first four installments. The remaining fourteen payments totaling \$2,240,000 have been discounted at a rate of 9.15%, the rate paid by the City for similar obligations on the date of issuance. At June 30, 2007, the discount amounted to \$39,114, resulting in a discounted amount owing of \$280,886.

The Iowa Finance Authority (IFA) has granted the City an interest-free loan in the amount of \$200,000 for the purpose of making housing rehabilitation loans to individuals. The IFA loan is being repaid over a fifteen-year period ending in 2008, utilizing repayments generated by the individual loans. At June 30, 2007, the balance owed under this note amounted to \$20,000.

On December 5, 2006, the City issued \$3,612,000 of its General Obligation Refunding Bonds with an average coupon rate of 3.61% to refund \$3,580,000 of General Obligation Bonds dated September 1, 1997 with an average coupon rate of 4.8%. The City refunded these bonds to reduce its total debt service payments over the next 10 years by \$141,873 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new debt) of \$117,746. Also on December 5, 2006, the City issued \$1,330,000 of Taxable General Obligation Refunding Bonds with an average coupon rate of 5.0% to refund \$1,305,000 of Taxable General Obligation Bonds dated September 1, 1997 with an average coupon rate of 7.04%. The City refunded these bonds to reduce its total debt service payments over the next 10 years by \$134,689 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new debt) of \$107,158.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

On February 7, 2007, the City issued \$6,400,000 of General Obligation Refunding Bonds with an average coupon rate of 4.13% to refund \$3,670,000 of Taxable General Obligation Bonds dated March 15, 1998 with an average coupon rate of 4.81% and \$2,835,000 of General Obligation Bonds dated August 1, 1998 with an average coupon rate of 4.58%. The City refunded these bonds to reduce its total debt service payments over the next 6 years by \$192,204 and obtain a net economic gain (difference between the present values of the debt service payments on the old and new debt) of \$168,002.

The City of Davenport's Capital Improvement Program has been funded in part from general obligation bonds which are intended to be abated by user fees, special assessment collections, municipal improvement district taxes, and levee rents. The debt to be abated by user fees is accounted for in the Enterprise Funds in the amount of \$20,605,825. Debt abated by special assessment collections is accounted for in the governmental activities as Special Assessment Debt with Governmental Commitment in the amount of \$802,700. The debt to be abated by municipal improvement district taxes and levee rents is accounted for in the governmental activities in the amounts of \$1,069,656 and \$60,006 respectively. These abated bonds, including interest thereon, are included in the above schedule and represent a contingent liability against the City's full faith and credit. The general credit of the City is obligated only to the extent that user fees, special assessment collections or liens foreclosed against properties involved in the special assessment projects, municipal improvement district taxes, and levee rents are insufficient to retire outstanding bonds.

In order to limit the liability of taxpayers, the State Constitution of Iowa imposes a limit on the amount of debt local governments may incur. Davenport's debt limitation is five (5) percent of its gross assessed valuation. This limitation applies to general obligation indebtedness and Tax Increment Financing agreements entered in to rebate taxes paid over time. At June 30, 2007, the statutory limit for the City was \$263,977,950, providing a debt margin of \$115,613,098.

Since 1976, the City has authorized the issuance of \$269,190,000 of industrial development revenue bonds under the provision of Chapter 419 of the Code of Iowa. There have not been any industrial development revenue bonds since 1993. The bonds and related interest are the sole responsibility of the issuers, and the bond principal and interest do not constitute liabilities of the City.

The annual requirements including interest (in thousands of dollars), to service long-term debt are as follows:

Year Ending June 30	Governmental Activities				Business-type Activities	
	General Obligation Bonds		Other Long Term Debt		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 12,319	\$ 5,126	\$ 148	\$ 26	\$ 2,131	\$ 843
2009	11,280	4,549	153	13	1,625	791
2010	10,909	4,098	-	-	1,491	731
2011	10,323	3,687	-	-	1,412	642
2012	10,067	3,236	-	-	1,493	603
2013-2017	40,915	9,968	-	-	7,910	2,301
2018-2022	18,156	2,882	-	-	4,544	612
2023-2025	4,250	377	-	-	-	-
Totals	118,219	33,923	301	39	20,606	6,523
Matured	20	2	-	-	-	-
Interest portion	-	(33,925)	-	(39)	-	(6,523)
	\$ 118,239	\$ -	\$ 301	\$ -	\$ 20,606	\$ -

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

10. RISK MANAGEMENT

The City is self-insured for the following types of risk exposures:

Health Benefits – The City has established an Employee Insurance Fund for insurance benefits provided to City employees and covered dependents, which is included in the Internal Service Fund type. Health benefits were self-insured up to a specific annual stop loss amount of \$150,000, and an aggregate annual stop loss amount of approximately \$9,965,000 for 2007. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by an independent claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims lag report provided by the third party administrator. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

General and Auto Liability, Property, and Workers' Compensation – The City has established a Risk Management Fund for self-insurance related to general and automobile liability, property, and workers' compensation claims which is included in the Internal Service Fund type. Self-insurance was in effect up to individual stop loss amounts per occurrence of \$500,000 for general and auto liability, \$100,000 for property and \$350,000 for workers' compensation for 2007. Coverage from private insurers is maintained for losses in excess of the individual stop loss amounts. All claims handling procedures are performed by the risk management division of

the finance department. Incurred but not reported claims have been accrued as a liability based upon an independent actuarial study. No settlements exceeded insurance coverage for the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

Changes in reported liabilities for the fiscal years ended June 30, 2006 and 2007 are summarized as follows:

	<u>Employee Insurance Fund</u>	<u>Risk Management Fund</u>	<u>Total</u>
Liabilities at July 1, 2006	\$ 862,985	\$ 3,808,805	\$ 4,671,790
Claims and changes in estimates during fiscal year 2006	9,857,564	2,354,651	12,212,215
Claim payments	<u>(9,589,301)</u>	<u>(2,992,246)</u>	<u>(12,581,547)</u>
Liabilities at June 30, 2006	1,131,248	3,171,210	4,302,458
Claims and changes in estimates during fiscal year 2007	10,898,777	3,496,080	14,394,857
Claim payments	<u>(10,981,501)</u>	<u>(1,622,027)</u>	<u>(12,603,528)</u>
Liabilities at June 30, 2007	<u>\$1,048,524</u>	<u>\$5,045,263</u>	<u>\$6,093,787</u>

11. CONTINGENCIES

A. Litigation

The City records liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. There are several lawsuits pending against the City for various reasons. Liability insurance covers many of the lawsuits for personal injury, property damage and civil rights violations presently pending against the City. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government.

Certain grant audits are currently in progress. Any disallowed claims, including amount already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although City management and counsel expect such amounts, if any, to be immaterial.

12. RESTATEMENT

The City restated the beginning fund balance of the General Fund to correct the recording of an expense and receivable relating to the library levy component.

Balance June 30, 2006	Restatement	Balance June 30, 2006
\$14,028,255	(70,698)	\$13,957,557

13. RECENTLY ISSUED PRONOUNCEMENTS

The Governmental Accounting Standard Board (GASB) has issued seven statements not yet implemented by the City of Davenport. The statements, which might impact the City of Davenport, are as follows:

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued April 2004, will be effective for the City for the fiscal year ending June 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and supersedes the interim guidance included in statement No.26. This statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the City for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employees.

Statement No. 47, *Accounting or Termination Benefits* issued June 2005, establishes accounting standards for termination benefits. For termination benefits provided through and existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of Statement 45. For all other termination benefits, this Statement is effective for the fiscal year ended June 30, 2006.

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* issued September 2006, will be effective for the fiscal year ending June 30, 2008. This statement establishes standards for transactions in which a government received, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also establishes standards that apply to all intra-entity transfers of assets and future revenues.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* issued November 2006, will be effective for the fiscal year ending June 30, 2009. This statement establishes standards for accounting and financial reporting for obligations to address the current or potential detrimental effects of existing pollution.

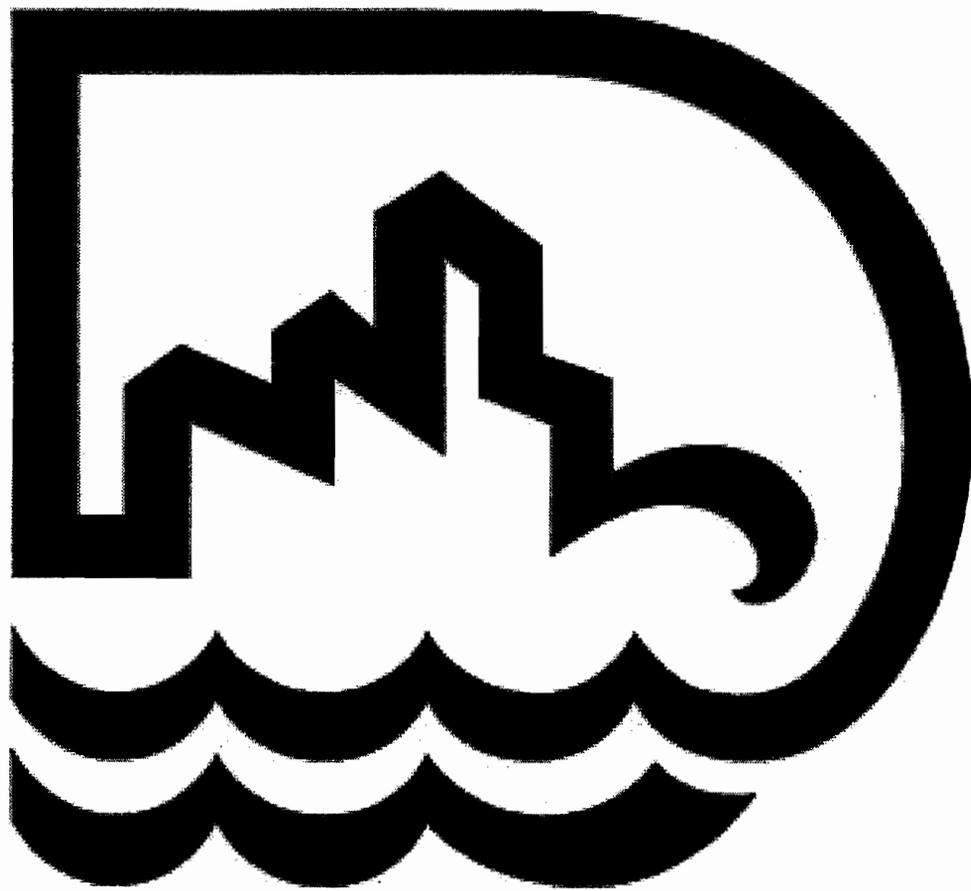
Statement No. 50, *Pension Disclosures*, issued May 2007, will be effective for the fiscal year ending June 30, 2008. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

CITY OF DAVENPORT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 (CONTINUED)**

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued June 2007 will be effective for the fiscal year ending June 30, 2010. This statement requires all intangible assets not specifically excluded by its scope be classified as capital assets.

The City's management has not yet determined the effect these statements will have on the City's financial statements.



CITY OF DAVENPORT

**GOVERNMENTAL AND PROPRIETARY FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (BUDGETARY BASIS)**

Required Supplementary Information

For the Fiscal Year Ended June 30, 2007

	<u>GOVERNMENTAL FUNDS ACTUAL</u>	<u>PROPRIETARY FUNDS ACTUAL</u>	<u>TOTAL ACTUAL</u>
REVENUES:			
Taxes	\$ 71,440,755	\$ 3,017,365	\$ 74,458,120
Special assessments	50,982	-	50,982
Licenses and permits	1,395,934	-	1,395,934
Intergovernmental	17,053,854	1,463,558	18,517,412
Charges for services	2,798,325	37,516,839	40,315,164
Use of monies and property	3,839,767	1,179,580	5,019,347
Fines and forfeits	873,092	220,296	1,093,388
Loan repayments	663,341	-	663,341
Other	2,105,786	69,735	2,175,521
Total Revenues	<u>100,221,836</u>	<u>43,467,373</u>	<u>143,689,209</u>
EXPENDITURES:			
Current:			
Public safety	36,215,539	-	36,215,539
Public works	11,812,816	-	11,812,816
Culture and recreation	9,406,214	-	9,406,214
Community and economic development	8,960,280	-	8,960,280
General government	7,215,792	-	7,215,792
Capital outlay	30,935,403	-	30,935,403
Debt service:			
Principal retirement	13,256,573	-	13,256,573
Interest	5,238,443	-	5,238,443
Bond issuance costs	68,526	-	68,526
Business type activities	-	44,325,573	44,325,573
Total Expenditures	<u>123,109,586</u>	<u>44,325,573</u>	<u>167,435,159</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(22,887,750)</u>	<u>(858,200)</u>	<u>(23,745,950)</u>
OTHER FINANCING SOURCES, NET	<u>13,410,271</u>	<u>511,308</u>	<u>13,921,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(9,477,479)</u>	<u>(346,892)</u>	<u>(9,824,371)</u>
BALANCES BEGINNING OF YEAR*	<u>61,351,333</u>	<u>19,433,583</u>	<u>80,784,916</u>
BALANCES END OF YEAR	<u>\$ 51,873,854</u>	<u>\$ 19,086,691</u>	<u>\$ 70,960,545</u>

* Restated beginning balances

<u>BUDGETED AMOUNTS</u>			FINAL TO ACTUAL VARIANCE
<u>ORIGINAL</u>	<u>FINAL</u>		
\$ 75,085,835	\$ 73,552,950	\$ 905,170	
25,000	175,000	(124,018)	
1,417,055	1,449,555	(53,621)	
31,378,889	45,612,506	(27,095,094)	
42,365,185	42,340,726	(2,025,562)	
2,349,528	2,642,772	2,376,575	
833,887	833,887	259,501	
-	-	663,341	
-	1,909,922	265,599	
<u>153,455,379</u>	<u>168,517,318</u>	<u>(24,828,109)</u>	
34,626,534	36,535,349	319,810	
13,021,450	14,098,924	2,286,108	
8,566,234	9,883,965	477,751	
9,899,052	13,658,254	4,697,974	
8,479,988	7,522,867	307,075	
53,579,000	83,227,068	52,291,665	
14,098,041	23,684,793	10,428,220	
6,069,253	5,251,775	13,332	
-	506,462	437,936	
<u>46,399,939</u>	<u>47,579,839</u>	<u>3,254,266</u>	
<u>194,739,491</u>	<u>241,949,296</u>	<u>74,514,137</u>	
<u>(41,284,112)</u>	<u>(73,431,978)</u>	<u>49,686,028</u>	
<u>34,631,116</u>	<u>27,722,733</u>	<u>(13,801,154)</u>	
(6,652,996)	(45,709,245)	35,884,874	
<u>80,784,916</u>	<u>80,784,916</u>	<u>-</u>	
<u>\$ 74,131,920</u>	<u>\$ 35,075,671</u>	<u>\$ 35,884,874</u>	

CITY OF DAVENPORT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING
JUNE 30, 2007**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing for all funds. The City's governmental fund types are budgeted on a modified accrual basis of accounting in conformance with the accounting principles generally accepted in the United States of America (GAAP). Proprietary fund types are budgeted on full accrual basis, except bond proceeds, which are budgeted on a modified accrual basis, and depreciation, incurred but not reported insurance claims, loss on disposal, joint venture adjustment and capital contributions which are not budgeted. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Budget amendments are reflected in the final budgeted amounts.

Formal and legal budgetary control is based upon 8 major classes of expenditures known as functions, not by fund or fund type. These 8 functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function expenditures required to be budgeted include expenditures for General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Internal Service and Enterprise Funds. Although the budget document presents function expenditures by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted expenditures by \$47,209,805. These budget amendments are reflected in the final budgeted amounts.

	Budgetary Basis	Adjustments	Adjusted Basis
Revenues	\$ 143,689,209	-	\$ 143,689,209
Expenses	<u>167,435,159</u>	<u>6,490,685</u>	<u>173,925,844</u>
Net	(23,745,950)	(6,490,685)	(30,236,635)
Other financing sources, net	13,921,579	(1,175,892)	12,745,687
Beginning net assets	<u>80,784,916</u>	<u>112,498,759</u>	<u>193,283,675</u>
Ending net assets	\$ <u><u>70,960,545</u></u>	\$ <u><u>104,832,182</u></u>	\$ <u><u>175,792,727</u></u>

COMBINING STATEMENTS, AND SCHEDULES

Non-Major Governmental Funds

Road Use Tax Fund – Accounts for the revenue received from the State of Iowa Road Use Tax Fund, which is collected from motor vehicle registration, fuel tax and use tax, and related expenditures, which must relate to the construction, maintenance and supervision of public streets.

Community Development Act Fund – Accounts for expenditures relating to neighborhood improvements benefiting low and moderate income persons and economic development activities, which are reimbursed by the Federal Government under the Community Development Block Grant Program.

HUD Section 8 Fund – Accounts for expenditures to landlords under a federally funded rent subsidy program.

Levee Improvement Commission Fund – Accounts for the expenditure of rents received for the use of the Mississippi Riverfront property.

Municipal Improvement Districts Fund – Accounts for revenue generated by Self-supported Municipal Improvement Districts.

Revolving Loans Fund – Accounts for various Community and Economic Development revolving loans.

Home Investment Partnership Fund – Accounts for expenditures related to the rehabilitation or new construction of rental units, and the rehabilitation of first time homebuyer owner/occupied residential units.

Law Enforcement Block Grant Fund – Accounts for the expenditure of a U.S. Department of Justice grant awarded for the purpose of reducing crime and improving public safety.

HUD Grants – Accounts for the expenditures of U.S. Department of Housing and Urban Development cooperative agreement awarded for the purpose of educating and promoting fair housing practices, expenditures of support funding for nonprofit providers of services to the homeless, and expenditures of Economic Development Initiatives-Special Projects Grant.

Environmental Protection Agency – Accounts for the expenditures of an Environmental Protection Agency grant for Brownfields.

Tax Increment Financing (TIF) Districts Debt Service Fund – Accounts for the accumulation of resources for and the payment of principal and interest on general obligation debt representing the financing source for the City's various tax increment financing districts. Property tax revenue generated on increased assessed valuation within the TIF Districts are the resources accounted for in this fund.

CITY OF DAVENPORT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2007**

<u>ASSETS</u>	<u>ROAD USE TAX</u>	<u>COMMUNITY DEVELOPMENT ACT</u>	<u>HUD SECTION 8</u>	<u>LEVEE IMPROVEMENT COMMISSION</u>	<u>MUNICIPAL IMPROVEMENT DISTRICTS</u>
Cash and investments	\$ 5,555,168	\$ -	\$ 10,959	\$ 834,530	\$ 669,131
Receivables:					
Property taxes:					
Delinquent	-	-	-	-	26,131
Succeeding year	-	-	-	-	724,802
Accounts	8,781	51,428	994	61,844	-
Loans	-	2,452,269	-	850	-
Interest	-	245	66	2,069	2,074
Due from other governments	673,469	511,621	-	-	-
Prepays	485	-	-	-	-
Restricted assets-cash and investments	-	162,795	-	-	-
TOTAL ASSETS	<u>\$ 6,237,903</u>	<u>\$ 3,178,358</u>	<u>\$ 12,019</u>	<u>\$ 899,293</u>	<u>\$ 1,422,138</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Wages payable	\$ 179,144	\$ 22,303	\$ 10,388	\$ 3,141	\$ -
Accounts payable	139,220	78,253	-	35,753	152,890
Payable from restricted assets	-	162,795	-	-	-
Interfund loans payable	-	306,408	-	-	-
Due to other governments	-	4,214	1,631	-	-
Deferred revenue:					
Succeeding year property tax	-	-	-	-	724,802
Other	-	2,452,269	-	35,456	2,073
Total Liabilities	<u>318,364</u>	<u>3,026,242</u>	<u>12,019</u>	<u>74,350</u>	<u>879,765</u>
FUND BALANCES:					
Reserved for encumbrances	185,817	152,116	-	-	-
Reserved for future projects	-	-	-	-	542,373
Reserved for loan applicants	-	-	-	-	-
Reserved for prepaid	485	-	-	-	-
Reserved for debt retirement	-	-	-	-	-
Unreserved:					
Designated for specific projects:					
Special revenue	174,905	-	-	20,005	-
Undesignated:					
Special revenue	5,558,332	-	-	804,938	-
Total Fund Balances	<u>5,919,539</u>	<u>152,116</u>	<u>-</u>	<u>824,943</u>	<u>542,373</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,237,903</u>	<u>\$ 3,178,358</u>	<u>\$ 12,019</u>	<u>\$ 899,293</u>	<u>\$ 1,422,138</u>

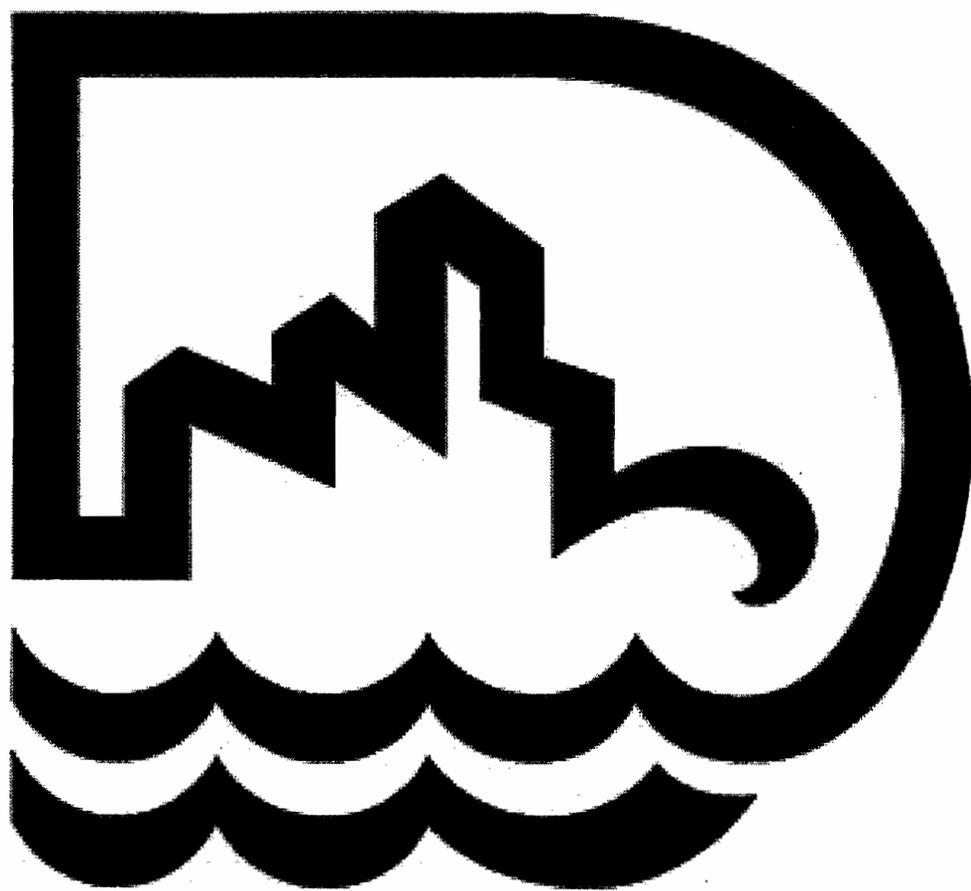
REVOLVING LOANS	HOME INVESTMENT PARTNERSHIP	LAW ENFORCEMENT BLOCK GRANT	HUD GRANTS	ENVIRONMENTAL PROTECTION AGENCY GRANT	TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 1,068,426	\$ -	\$ -	\$ 16,989	\$ -	\$ 1,013,478	\$ 9,168,681
-	-	-	-	-	29,884	56,015
-	-	-	-	-	3,255,372	3,980,174
-	-	-	-	-	-	123,047
1,116,433	6,160,348	-	-	-	-	9,729,900
3,389	-	-	131	-	2,550	10,524
-	546,032	-	33,818	10,520	-	1,775,460
-	-	-	-	-	-	485
-	-	-	-	-	-	162,795
<u>\$ 2,188,248</u>	<u>\$ 6,706,380</u>	<u>\$ -</u>	<u>\$ 50,938</u>	<u>\$ 10,520</u>	<u>\$ 4,301,284</u>	<u>\$ 25,007,081</u>
\$ -	\$ 2,700	\$ -	\$ 3,773	\$ -	\$ -	\$ 221,449
-	330,000	-	1,863	23	-	738,002
-	-	-	-	-	-	162,795
-	213,332	-	32,676	10,497	-	562,913
-	-	-	-	-	-	5,845
-	-	-	-	-	3,255,372	3,980,174
1,116,433	6,160,348	-	33,818	9,091	10,598	9,820,086
<u>1,116,433</u>	<u>6,706,380</u>	<u>-</u>	<u>72,130</u>	<u>19,611</u>	<u>3,265,970</u>	<u>15,491,264</u>
-	-	-	-	-	-	337,933
-	-	-	-	-	-	542,373
1,071,815	-	-	-	-	-	1,071,815
-	-	-	-	-	-	485
-	-	-	-	-	1,035,314	1,035,314
-	-	-	-	-	-	194,910
-	-	-	(21,192)	(9,091)	-	6,332,987
<u>1,071,815</u>	<u>-</u>	<u>-</u>	<u>(21,192)</u>	<u>(9,091)</u>	<u>1,035,314</u>	<u>9,515,817</u>
<u>\$ 2,188,248</u>	<u>\$ 6,706,380</u>	<u>\$ -</u>	<u>\$ 50,938</u>	<u>\$ 10,520</u>	<u>\$ 4,301,284</u>	<u>\$ 25,007,081</u>

CITY OF DAVENPORT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2007**

	<u>ROAD USE TAX</u>	<u>COMMUNITY DEVELOPMENT ACT</u>	<u>HUD SECTION 8</u>	<u>LEVEE IMPROVEMENT COMMISSION</u>	<u>MUNICIPAL IMPROVEMENT DISTRICTS</u>
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,100,181
Licenses and permits	25,475	-	-	-	-
Intergovernmental	8,229,871	2,010,777	2,595,180	-	-
Use of monies and property	207	72,967	1,138	313,028	35,610
Loan repayments	-	508,853	-	-	-
Other	6,135	1,409	4,636	32,067	-
Total Revenues	<u>8,261,688</u>	<u>2,594,006</u>	<u>2,600,954</u>	<u>345,095</u>	<u>1,135,791</u>
EXPENDITURES:					
Current:					
Public safety	-	72,830	-	-	-
Public works	7,953,631	-	-	-	-
Culture and recreation	-	-	-	37,732	-
Community and economic development	-	2,442,562	2,616,603	188,688	912,456
General government	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	25,002	157,178
Interest	-	-	-	4,676	62,096
Bond issuance costs	-	-	-	-	-
Total Expenditures	<u>7,953,631</u>	<u>2,515,392</u>	<u>2,616,603</u>	<u>256,098</u>	<u>1,131,730</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>308,057</u>	<u>78,614</u>	<u>(15,649)</u>	<u>88,997</u>	<u>4,061</u>
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	43,627	-	-	-	-
Transfers in	75,000	-	15,649	150,000	-
Transfers out	(368,085)	-	-	-	-
Refunding bond issuance	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(249,458)</u>	<u>-</u>	<u>15,649</u>	<u>150,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	58,599	78,614	-	238,997	4,061
FUND BALANCES - BEGINNING	<u>5,860,940</u>	<u>73,502</u>	<u>-</u>	<u>585,946</u>	<u>538,312</u>
FUND BALANCES - ENDING	<u>\$ 5,919,539</u>	<u>\$ 152,116</u>	<u>\$ -</u>	<u>\$ 824,943</u>	<u>\$ 542,373</u>

<u>REVOLVING LOANS</u>	<u>HOME INVESTMENT PARTNERSHIP</u>	<u>LAW ENFORCEMENT BLOCK GRANT</u>	<u>HUD GRANTS</u>	<u>ENVIRONMENTAL PROTECTION AGENCY GRANT</u>	<u>TAX INCREMENT FINANCING DISTRICTS DEBT SERVICE</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,747,474	\$ 3,847,655
-	-	-	-	-	-	25,475
-	694,118	-	144,862	-	-	13,674,808
61,733	115,055	877	2,255	-	48,352	651,222
63,154	91,334	-	-	-	-	663,341
-	-	-	-	-	-	44,247
<u>124,887</u>	<u>900,507</u>	<u>877</u>	<u>147,117</u>	<u>-</u>	<u>2,795,826</u>	<u>18,906,748</u>
-	-	67,206	-	-	-	140,036
-	-	-	-	-	-	7,953,631
-	-	354	-	-	-	38,086
88,339	900,507	-	47,500	9,091	533,484	7,739,230
-	-	-	130,683	-	-	130,683
13,333	-	-	-	-	1,523,104	1,718,617
-	-	-	-	-	703,821	770,593
-	-	-	-	-	(4,093)	(4,093)
<u>101,672</u>	<u>900,507</u>	<u>67,560</u>	<u>178,183</u>	<u>9,091</u>	<u>2,756,316</u>	<u>18,486,783</u>
<u>23,215</u>	<u>-</u>	<u>(66,683)</u>	<u>(31,066)</u>	<u>(9,091)</u>	<u>39,510</u>	<u>419,965</u>
-	-	-	-	-	-	43,627
-	-	-	-	-	-	240,649
-	-	-	-	-	(236,968)	(605,053)
-	-	-	-	-	729,300	729,300
-	-	-	-	-	(740,000)	(740,000)
-	-	-	-	-	(247,668)	(331,477)
23,215	-	(66,683)	(31,066)	(9,091)	(208,158)	88,488
<u>1,048,600</u>	<u>-</u>	<u>66,683</u>	<u>9,874</u>	<u>-</u>	<u>1,243,472</u>	<u>9,427,329</u>
<u>\$ 1,071,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,192)</u>	<u>\$ (9,091)</u>	<u>\$ 1,035,314</u>	<u>\$ 9,515,817</u>



Non-Major Enterprise Funds

Public Housing Fund – Accounts for revenue and expenses associated with the Heritage High-Rise housing facility for the elderly, handicapped and disabled and for the Public Housing units for the low-income families. A Federal Housing and Urban Development (HUD) subsidy provides support for the Heritage High-Rise.

Golf Course Fund – Accounts for revenue and expenses associated with operation of the City's four golf courses, Duck Creek, Emeis, Credit Island and Red Hawk.

Airport Fund – Accounts for revenue and expenses associated with operation of the Davenport Airport, a reliever airport for the Quad City Airport. Rental income is obtained from the leasing of surrounding farmland, as well as hangar spaces at the airport.

Public Transit Fund – Accounts for revenue and expenses associated with the City's fixed route transit system, demand response transit and the ground transportation terminal, known as the TransitCenter. Revenue is generated mainly from a transit property tax, federal and state operating and capital grants, user fees, and miscellaneous rentals at the TransitCenter.

Solid Waste Fund – Accounts for revenue and expenses associated with the City's collection of solid waste, bulky waste, yard waste and curbside recycling programs.

Clean Water Fund – Accounts for revenue and expenses related to the operation and maintenance of the storm water collection system including inspections, mapping, drainage maintenance, street sweeping and other activities related to clean water activities.

CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2007**

ASSETS	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
Current assets:			
Cash and cash equivalents	\$ 581,750	\$ -	\$ 111,208
Receivables:			
Property taxes:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	2,154	14,591	3,095
Interest	1,809	996	317
Due from other governments	11,030	-	-
Prepays	-	9,328	-
Restricted cash and cash equivalents	27,533	193,273	-
Total current assets	<u>624,276</u>	<u>218,188</u>	<u>114,620</u>
Noncurrent assets:			
Deferred charges	3,978	1,602	4,000
Investment in joint venture	-	-	-
Capital assets:			
Land	526,071	1,272,122	749,356
Buildings	7,494,777	197,232	2,187,994
Improvements other than buildings	-	2,609,265	6,366,984
Equipment and vehicles	48,410	1,170,588	178,542
Paving	91,765	-	-
Storm sewers			
less accumulated depreciation	(4,268,877)	(2,367,267)	(4,906,129)
Construction in progress	246,899	-	100,060
Total noncurrent assets	<u>4,143,023</u>	<u>2,883,542</u>	<u>4,680,807</u>
Total assets	<u>4,767,299</u>	<u>3,101,730</u>	<u>4,795,427</u>
LIABILITIES			
LIABILITIES:			
Current liabilities:			
Wages payable	3,537	52,905	1,916
Accounts payable	19,849	108,454	1,597
Accrued interest payable	2,479	511	596
Compensated absences	4,303	45,949	218
Interfund loans payable	-	-	-
Deferred revenue:			
Succeeding year property tax	-	-	-
Other	2,385	-	-
General obligation bonds - current	75,000	164,231	15,000
Total current liabilities	<u>107,553</u>	<u>372,050</u>	<u>19,327</u>
Current liabilities payable from restricted assets:			
Deposits payable	27,533	-	-
Noncurrent liabilities:			
Compensated absences	1,238	13,225	63
General obligation bonds - long term	538,703	-	169,712
Total noncurrent liabilities	<u>539,941</u>	<u>13,225</u>	<u>169,775</u>
Total liabilities	<u>675,027</u>	<u>385,275</u>	<u>189,102</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,529,320	2,719,311	4,496,095
Unrestricted	562,952	(2,856)	110,230
Total net assets	<u>\$ 4,092,272</u>	<u>\$ 2,716,455</u>	<u>\$ 4,606,325</u>

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ -	\$ -	\$ 466,586	\$ 1,159,544
63,325	-	-	63,325
3,075,239	-	-	3,075,239
1,025	1,660,249	611,784	2,292,898
-	-	395	3,517
495,456	-	-	506,486
-	-	-	9,328
-	-	-	220,806
<u>3,635,045</u>	<u>1,660,249</u>	<u>1,078,765</u>	<u>7,331,143</u>
-	-	-	9,580
516,833	-	-	516,833
1,599,288	-	60,300	4,207,137
3,929,427	24,888	-	13,834,318
-	-	-	8,976,249
4,730,890	2,935,877	459,707	9,524,014
6,888	-	-	98,653
-	-	17,014,559	17,014,559
(4,655,859)	(1,527,420)	(6,408,582)	(24,134,134)
53,430	-	102,644	503,033
<u>6,180,897</u>	<u>1,433,345</u>	<u>11,228,628</u>	<u>30,550,242</u>
<u>9,815,942</u>	<u>3,093,594</u>	<u>12,307,393</u>	<u>37,881,385</u>
69,376	65,304	21,684	214,722
100,559	73,712	28,970	333,141
-	-	-	3,586
40,522	104,723	-	195,715
465,477	425,337	37,646	928,460
3,075,239	-	-	3,075,239
11,628	-	-	14,013
-	-	-	254,231
<u>3,762,801</u>	<u>669,076</u>	<u>88,300</u>	<u>5,019,107</u>
-	-	-	27,533
11,663	30,142	10,836	67,167
-	-	-	708,415
<u>11,663</u>	<u>30,142</u>	<u>10,836</u>	<u>775,582</u>
<u>3,774,464</u>	<u>699,218</u>	<u>99,136</u>	<u>5,822,222</u>
5,664,064	1,433,345	11,228,628	29,070,763
377,414	961,031	979,629	2,988,400
<u>\$6,041,478</u>	<u>\$ 2,394,376</u>	<u>\$ 12,208,257</u>	<u>\$ 32,059,163</u>

CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2007**

	<u>BUSINESS-TYPE ACTIVITIES -</u>		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
OPERATING REVENUES:			
Charges for services	\$ 344,286	\$ 2,310,782	\$ 175,622
Other	33,308	-	18,237
Total Operating Revenues	<u>377,594</u>	<u>2,310,782</u>	<u>193,859</u>
OPERATING EXPENSES:			
Employee expenses	109,799	1,124,916	29,269
Supplies and services	650,498	1,014,042	170,438
Depreciation	245,458	187,666	309,232
Total Operating Expenses	<u>1,005,755</u>	<u>2,326,624</u>	<u>508,939</u>
OPERATING INCOME (LOSS)	<u>(628,161)</u>	<u>(15,842)</u>	<u>(315,080)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Operating grants	557,085	-	-
Use of monies and property	31,062	17,133	48,029
Interest expense	(33,546)	(13,172)	(7,800)
Gain (loss) on disposition of capital assets	-	(4,488)	(4,828)
Joint venture adjustment	-	-	-
Total Non-operating Revenues (Expenses)	<u>554,601</u>	<u>(527)</u>	<u>35,401</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(73,560)</u>	<u>(16,369)</u>	<u>(279,679)</u>
Capital contributions	321,922	-	-
Transfers out	(15,649)	-	-
Change in net assets	<u>232,713</u>	<u>(16,369)</u>	<u>(279,679)</u>
Total net assets - beginning	<u>3,859,559</u>	<u>2,732,824</u>	<u>4,886,004</u>
Total net assets - ending	<u>\$ 4,092,272</u>	<u>\$ 2,716,455</u>	<u>\$ 4,606,325</u>

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 455,216	\$ 4,451,864	\$ 1,718,423	\$ 9,456,193
1,394	1,222	-	54,161
<u>456,610</u>	<u>4,453,086</u>	<u>1,718,423</u>	<u>9,510,354</u>
2,104,504	2,139,898	691,746	6,200,132
2,468,066	1,957,139	364,185	6,624,368
367,444	222,844	609,527	1,942,171
<u>4,940,014</u>	<u>4,319,881</u>	<u>1,665,458</u>	<u>14,766,671</u>
(4,483,404)	133,205	52,965	(5,256,317)
3,017,365	-	-	3,017,365
906,473	-	-	1,463,558
12,360	-	6,782	115,366
-	(12,526)	-	(67,044)
-	(105,506)	-	(114,822)
(106,532)	-	-	(106,532)
<u>3,829,666</u>	<u>(118,032)</u>	<u>6,782</u>	<u>4,307,891</u>
(653,738)	15,173	59,747	(948,426)
9,098	390,588	1,109,214	1,830,822
-	-	(75,000)	(90,649)
<u>(644,640)</u>	<u>405,761</u>	<u>1,093,961</u>	<u>791,747</u>
<u>6,686,118</u>	<u>1,988,615</u>	<u>11,114,296</u>	<u>\$ 31,267,416</u>
<u>\$ 6,041,478</u>	<u>\$ 2,394,376</u>	<u>\$ 12,208,257</u>	<u>\$ 32,059,163</u>

CITY OF DAVENPORT**NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007**

	BUSINESS-TYPE ACTIVITIES -		
	PUBLIC HOUSING	GOLF COURSES	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from users	\$ 342,120	\$ 2,309,911	\$ 173,561
Cash paid to suppliers for goods and services	(638,255)	(976,019)	(172,623)
Cash paid to employees for services	(109,160)	(1,114,887)	(29,063)
Other operating revenue	33,308	-	18,237
Net Cash Provided by (Used for) Operating Activities	(371,987)	219,005	(9,888)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Repayments to other funds	-	-	-
Advances from other funds	-	-	-
Operating grants	557,085	-	-
Property tax	-	-	-
Transfers out	(15,649)	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	541,436	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(12,372)	(153,819)	(7,591)
Principal paid on long-term debt	(70,000)	(155,000)	(10,000)
Interest paid on long-term debt	(33,070)	(11,688)	(7,470)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(115,442)	(320,507)	(25,061)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and investment income	33,040	19,155	48,427
Net Increase (Decrease) in Cash and Cash Equivalents	87,047	(82,347)	13,478
CASH AND CASH EQUIVALENTS-BEGINNING	522,236	275,620	97,730
CASH AND CASH EQUIVALENTS-ENDING	\$ 609,283	\$ 193,273	\$ 111,208

ENTERPRISE FUNDS

<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
\$ 702,520	\$ 4,131,561	\$ 1,665,919	\$ 9,325,592
(2,490,126)	(2,023,161)	(359,040)	(6,659,224)
(2,098,484)	(2,116,076)	(717,220)	(6,184,890)
<u>1,394</u>	<u>1,222</u>	<u>-</u>	<u>54,161</u>
<u>(3,884,696)</u>	<u>(6,454)</u>	<u>589,659</u>	<u>(3,464,361)</u>
(481,438)	(393,995)	-	(875,433)
465,477	425,337	-	890,814
906,473	-	-	1,463,558
3,017,365	-	-	3,017,365
<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>(90,649)</u>
<u>3,907,877</u>	<u>31,342</u>	<u>(75,000)</u>	<u>4,405,655</u>
(35,541)	(24,888)	(69,160)	(303,371)
-	-	-	(235,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,228)</u>
<u>(35,541)</u>	<u>(24,888)</u>	<u>(69,160)</u>	<u>(590,599)</u>
<u>12,360</u>	<u>-</u>	<u>6,387</u>	<u>119,369</u>
-	-	451,886	470,064
<u>-</u>	<u>-</u>	<u>14,700</u>	<u>910,286</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,586</u>	<u>\$ 1,380,350</u>

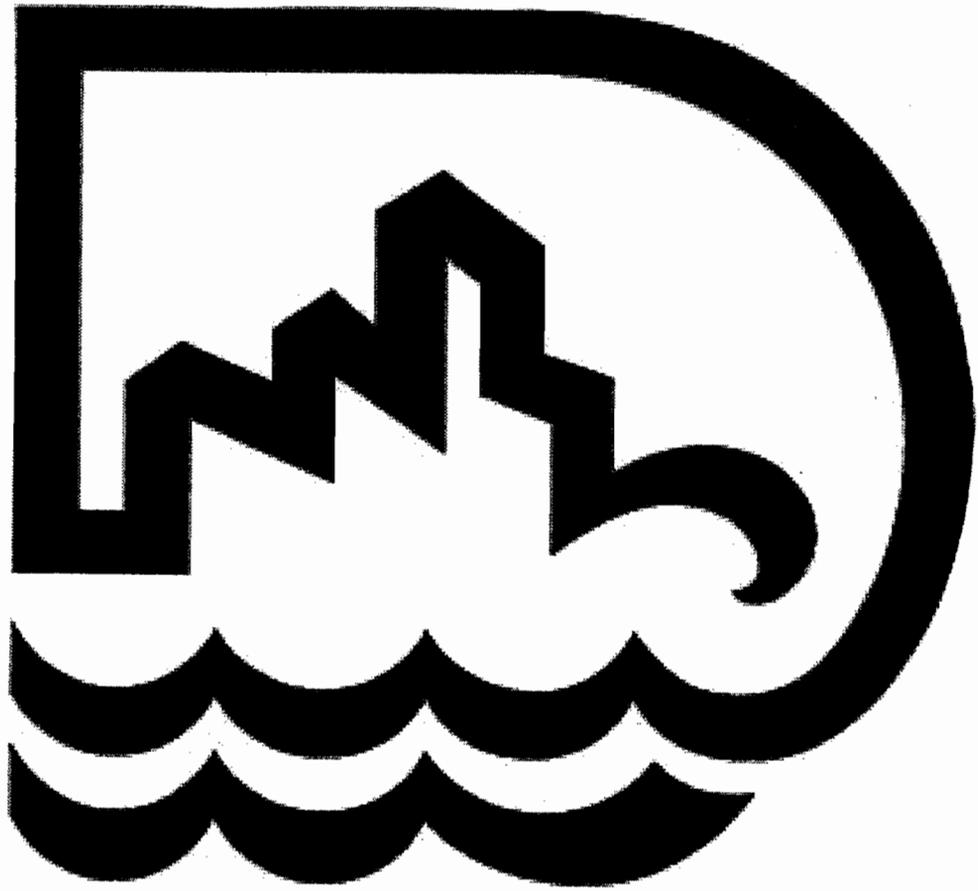
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CITY OF DAVENPORT

**NON-MAJOR ENTERPRISE FUNDS (CONTINUED)
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007**

	BUSINESS-TYPE ACTIVITIES -		
	<u>PUBLIC HOUSING</u>	<u>GOLF COURSES</u>	<u>AIRPORT</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>			
Operating Income (Loss)	<u>\$ (628,161)</u>	<u>\$ (15,842)</u>	<u>\$ (315,080)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	245,458	187,666	309,232
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	8,864	(871)	(2,061)
Decrease (increase) in due from other governments	(11,030)	-	-
Increase (decrease) in accounts payable	12,243	38,023	(2,185)
Increase (decrease) in other accrued liabilities	639	10,029	206
Increase (decrease) in other deferred revenue	-	-	-
Total Adjustments	<u>256,174</u>	<u>234,847</u>	<u>305,192</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ (371,987)</u></u>	<u><u>\$ 219,005</u></u>	<u><u>\$ (9,888)</u></u>
<u>SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>			
Acquisition of capital assets	\$ (321,922)	\$ -	\$ -
Contribution of capital assets by subdividers	-	-	-
Contribution of capital assets by municipality	321,922	-	-

ENTERPRISE FUNDS			
<u>PUBLIC TRANSIT</u>	<u>SOLID WASTE</u>	<u>CLEAN WATER</u>	<u>TOTAL NON-MAJOR ENTERPRISE FUNDS</u>
<u>\$ (4,483,404)</u>	<u>\$ 133,205</u>	<u>\$ 52,965</u>	<u>\$ (5,256,317)</u>
367,444	222,844	609,527	1,942,171
7,734	(320,303)	(52,504)	(359,141)
243,241	-	-	232,211
(22,061)	(66,022)	5,145	(34,857)
6,021	23,822	(25,474)	15,243
<u>(3,671)</u>	<u>-</u>	<u>-</u>	<u>(3,671)</u>
<u>598,708</u>	<u>(139,659)</u>	<u>536,694</u>	<u>1,791,956</u>
<u>\$ (3,884,696)</u>	<u>\$ (6,454)</u>	<u>\$ 589,659</u>	<u>\$ (3,464,361)</u>
\$ (9,098)	\$ (390,588)	\$ (1,109,214)	\$ (1,830,822)
-	-	759,279	759,279
9,098	390,588	349,935	1,071,543



Internal Service Funds

Employee Insurance Fund – Accounts for the revenue received from employee and employer contributions and expenses for insurance premiums, administrative fees, and health claims related to the City’s protected employee benefit program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

Risk Management Fund – Accounts for liability, property and worker’s compensation insurance premiums, claims and administrative fees of the City’s protected self-insurance program. Transfers from other City funds, determined on an actuarial basis, are accounted for as revenue in this fund.

Information Management Services Fund – Accounts for the accumulation and allocation of costs associated with information technology.

CITY OF DAVENPORT**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2007**

ASSETS	EMPLOYEE INSURANCE	RISK MANAGEMENT	INFORMATION MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Current assets:				
Cash and cash equivalents	\$ 2,401,529	\$ 2,934,223	\$ 171,641	\$ 5,507,393
Accounts receivable	10,868	-	2,335	13,203
Interest receivable	10,058	12,620	-	22,678
Due from other governments	-	-	1,310	1,310
Prepays	-	32,094	84,152	116,246
Total current assets	<u>2,422,455</u>	<u>2,978,937</u>	<u>259,438</u>	<u>5,660,830</u>
Noncurrent assets:				
Equipment and vehicles	-	-	1,573,711	1,573,711
Less accumulated depreciation	-	-	(1,132,521)	(1,132,521)
Construction in progress	-	-	85,970	85,970
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>527,160</u>	<u>527,160</u>
Total assets	<u>2,422,455</u>	<u>2,978,937</u>	<u>786,598</u>	<u>6,187,990</u>
LIABILITIES				
LIABILITIES:				
Current liabilities:				
Wages payable	1,178	18,647	27,781	47,606
Accounts payable	82,615	101,611	20,198	204,424
Compensated absences	509	27,818	45,733	74,060
Claims and judgments	1,048,524	5,045,263	-	6,093,787
Total current liabilities	<u>1,132,826</u>	<u>5,193,339</u>	<u>93,712</u>	<u>6,419,877</u>
Noncurrent liabilities:				
Compensated absences	147	8,007	13,163	21,317
Total liabilities	<u>1,132,973</u>	<u>5,201,346</u>	<u>106,875</u>	<u>6,441,194</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	-	527,160	527,160
Unrestricted	1,289,482	(2,222,409)	152,563	(780,364)
Total net assets	<u>\$ 1,289,482</u>	<u>\$ (2,222,409)</u>	<u>\$ 679,723</u>	<u>\$ (253,204)</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2007**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
OPERATING REVENUES:				
Charges for services	\$ 10,443,170	\$ 3,529,133	\$ 1,472,593	\$ 15,444,896
Other	1,766	1,818	-	3,584
Total Operating Revenues	<u>10,444,936</u>	<u>3,530,951</u>	<u>1,472,593</u>	<u>15,448,480</u>
OPERATING EXPENSES:				
Employee expenses	37,275	585,039	831,634	1,453,948
Supplies and services	11,868,359	4,603,586	673,785	17,145,730
Depreciation	-	-	107,861	107,861
Total Operating Expenses	<u>11,905,634</u>	<u>5,188,625</u>	<u>1,613,280</u>	<u>18,707,539</u>
OPERATING INCOME (LOSS)	(1,460,698)	(1,657,674)	(140,687)	(3,259,059)
NON-OPERATING REVENUES (EXPENSES):				
Use of monies and property	<u>172,651</u>	<u>216,639</u>	<u>-</u>	<u>389,290</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,288,047)	(1,441,035)	(140,687)	(2,869,769)
Capital contributions	-	-	399,900	399,900
Change in net assets	<u>(1,288,047)</u>	<u>(1,441,035)</u>	<u>259,213</u>	<u>(2,469,869)</u>
Total net assets - beginning	<u>2,577,529</u>	<u>(781,374)</u>	<u>420,510</u>	<u>2,216,665</u>
Total net assets - ending	<u>\$ 1,289,482</u>	<u>\$ (2,222,409)</u>	<u>\$ 679,723</u>	<u>\$ (253,204)</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	\$ 10,525,637	\$ 3,529,763	\$ 1,470,665	\$ 15,526,065
Cash paid to suppliers for goods and services	(11,989,332)	(2,902,747)	(695,304)	(15,587,383)
Cash paid to employees for services	(37,087)	(596,813)	(816,292)	(1,450,192)
Other operating revenue	<u>1,766</u>	<u>1,818</u>	<u>-</u>	<u>3,584</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,499,016)</u>	<u>32,021</u>	<u>(40,931)</u>	<u>(1,507,926)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and investment income	<u>191,124</u>	<u>235,001</u>	<u>-</u>	<u>426,125</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(1,307,892)	267,022	(40,931)	(1,081,801)
 CASH AND CASH EQUIVALENTS- BEGINNING	<u>3,709,421</u>	<u>2,667,201</u>	<u>212,572</u>	<u>6,589,194</u>
 CASH AND CASH EQUIVALENTS- ENDING	<u>\$ 2,401,529</u>	<u>\$ 2,934,223</u>	<u>\$ 171,641</u>	<u>\$ 5,507,393</u>

CITY OF DAVENPORT

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007 (Continued)**

	<u>EMPLOYEE INSURANCE</u>	<u>RISK MANAGEMENT</u>	<u>INFORMATION MANAGEMENT SERVICES</u>	<u>TOTAL INTERNAL SERVICE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	<u>\$ (1,460,698)</u>	<u>\$ (1,657,674)</u>	<u>\$ (140,687)</u>	<u>\$ (3,259,059)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	-	-	107,861	107,861
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	82,467	630	(1,928)	81,169
Decrease (increase) in prepaids	-	(521)	4,209	3,688
Increase (decrease) in accounts payable	(120,879)	1,701,360	(21,982)	1,558,499
Increase (decrease) in other accrued liabilities	94	(11,774)	11,596	(84)
Total Adjustments	<u>(38,318)</u>	<u>1,689,695</u>	<u>99,756</u>	<u>1,751,133</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (1,499,016)</u>	<u>\$ 32,021</u>	<u>\$ (40,931)</u>	<u>\$ (1,507,926)</u>
SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Acquisition of capital assets	-	-	\$ (399,900)	\$ (399,900)
Contribution of capital assets by municipality	-	-	399,900	399,900

Fiduciary Fund Types

Riverfront Task Force Fund – Accounts for receipts of donations to be used toward the formation of a plan for riverfront development.

Library Gift Fund – Accounts for donations to the Davenport Library and disbursements, which include the purchase of books, periodicals and equipment as authorized by the Library Board of Directors.

M.D. Petersen Memorial Fund – Accounts for an annual contribution from the Petersen estate and the disbursement for improvements designated by the Davenport Levee Improvement Commission.

CITY OF DAVENPORT

**ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2007**

	BALANCE JULY 1, 2006	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2007
<u>RIVERFRONT TASK FORCE</u>				
ASSETS:				
Cash and investments	\$ 3,159	\$ 201	\$ -	\$ 3,360
Interest receivable	35	10	35	10
TOTAL ASSETS	\$ 3,194	\$ 211	\$ 35	\$ 3,370
LIABILITIES:				
Due to other governments	\$ 3,194	\$ 211	\$ 35	\$ 3,370
 <u>LIBRARY GIFT</u>				
ASSETS:				
Cash and investments	\$ 231,849	\$ 120,308	\$ 52,028	\$ 300,129
Interest receivable	3,216	14,591	17,004	803
TOTAL ASSETS	\$ 235,065	\$ 134,899	\$ 69,032	\$ 300,932
LIABILITIES:				
Accounts payable	\$ 1,015	\$ 56,322	\$ 51,911	\$ 5,426
Due to other governments	234,050	78,577	17,121	295,506
TOTAL LIABILITIES	\$ 235,065	\$ 134,899	\$ 69,032	\$ 300,932
 <u>M.D. PETERSEN MEMORIAL</u>				
ASSETS:				
Cash and investments	\$ 1,677	\$ 16,519	\$ 8,846	\$ 9,350
Interest receivable	23	-	23	-
TOTAL ASSETS	\$ 1,700	\$ 16,519	\$ 8,869	\$ 9,350
LIABILITIES:				
Accounts payable	\$ 706	\$ 8,163	\$ 8,869	\$ -
Due to other governments	994	8,356	-	9,350
TOTAL LIABILITIES	\$ 1,700	\$ 16,519	\$ 8,869	\$ 9,350
 <u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS:				
Cash and investments	\$ 236,685	\$ 137,028	\$ 60,874	\$ 312,839
Interest receivable	3,274	14,601	17,062	813
TOTAL ASSETS	\$ 239,959	\$ 151,629	\$ 77,936	\$ 313,652
LIABILITIES:				
Accounts payable	\$ 1,721	\$ 64,485	\$ 60,780	\$ 5,426
Due to other governments	238,238	87,144	17,156	308,226
TOTAL LIABILITIES	\$ 239,959	\$ 151,629	\$ 77,936	\$ 313,652

CITY OF DAVENPORT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

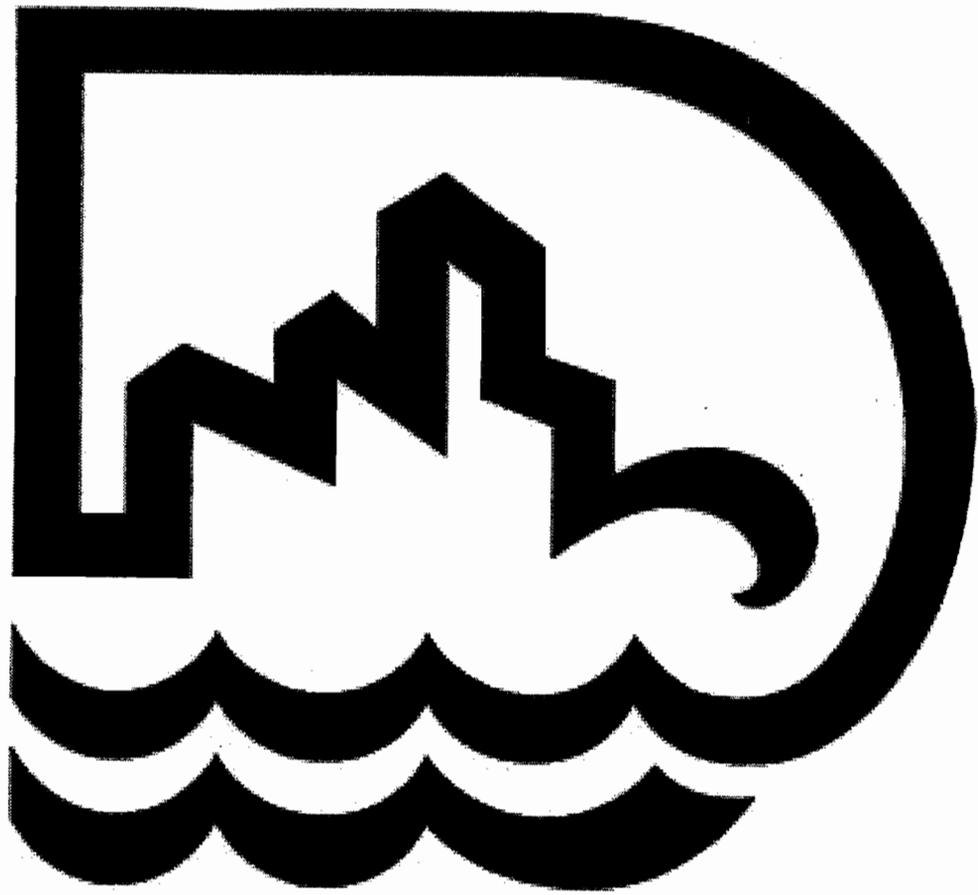
<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Direct:			
<u>Department of Housing and Urban Development (HUD)</u>			
Community Development Block Grants/Entitlement Grants	14.218	B0XMC190002	<u>2,514,147</u>
HOME Investment Partnerships Program	14.239	M0XMC190200	<u>900,507</u>
Fair Housing Assistance Program	14.401	FF207K047015	13,819
Fair Housing Assistance Program	14.401	FF207K057015	95,488
Fair Housing Assistance Program	14.401	FF207K067015	21,376
			<u>130,683</u>
EDI Special Projects	14.246	B03SPIA0194	<u>92,721</u>
Public and Indian Housing	14.850	KC9148	104,179
Public and Indian Housing	14.850	KC76237	414,641
			<u>518,820</u>
Public Housing - Capital Fund Program	14.872	KC9148	38,265
Section 8 Housing Choice Vouchers	14.871	KC9027V	<u>2,510,371</u>
<u>Department of Transportation</u>			
Federal Transit - Formula Grants	20.507	IA-90-X249	71,425
Federal Transit - Formula Grants	20.507	IA-90-X297	99,824
Federal Transit - Formula Grants	20.507	IA-90-X313	397,311
			<u>568,560</u>
Airport Improvement Program	20.106	3-19-0024-10	3,812
Airport Improvement Program	20.106	3-19-0024-11	60,561
Airport Improvement Program	20.106	3-19-0024-12	40,565
Airport Improvement Program	20.106	3-19-0024-13	17,529
			<u>122,467</u>
<u>Department of Justice</u>			
Local Law Enforcement Block Grants Program	16.592	2004-LB-BX-0915	<u>67,560</u>
Alcohol, Tobacco and Firearms Training Assistance	16.012		<u>9,463</u>
Bulletproof Vest Partnership Program	16.607		<u>7,547</u>
Drug Enforcement	N/A	NC-IAS-039	<u>8,820</u>
<u>Environmental Protection Agency</u>			
Brownfields Pilot Partnership	66.811	BP987051-01	<u>9,091</u>
Surveys, Studies, Investigations and Special Purpose Grants	66.606	XP987584 01	<u>530,372</u>
Total Direct			<u>8,029,392</u>

CITY OF DAVENPORT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
Indirect:			
<u>Department of Transportation</u>			
Iowa Department of Transportation Highway Planning and Construction	20.205	STP-U-1827(632)--70-82	<u>1,571,365</u>
<u>Federal Emergency Management Agency</u>			
Iowa Department of Public Defense: Hazard Mitigation Grant	97.039	PLANNING	<u>10,710</u>
<u>National Highway Traffic Safety Administration</u>			
Governor's Traffic Safety Bureau: State and Community Highway Safety	20.600	PAP 05-04 TASK 10	<u>36,047</u>
<u>Department of Justice</u>			
Governor's Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2005DJBX0442	<u>140,680</u>
Juvenile Accountability Incentive Block Grant	16.523	36-JD03-F504	<u>30,265</u>
Antiterrorism Emergency Reserve	16.321		<u>379</u>
Community Prosecution and Project Safe Neighborhood	16.609 16.609	03-SD05 03S-SD05	<u>35,704</u>
			<u>207,028</u>
Total Indirect			<u>1,825,150</u>
Total			<u>9,854,543</u>

N/A = Not Available



STATISTICAL SECTION

Statistical Section

This part of the City of Davenport's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Davenport's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how Davenport's financial performance and well-being have changed over time.

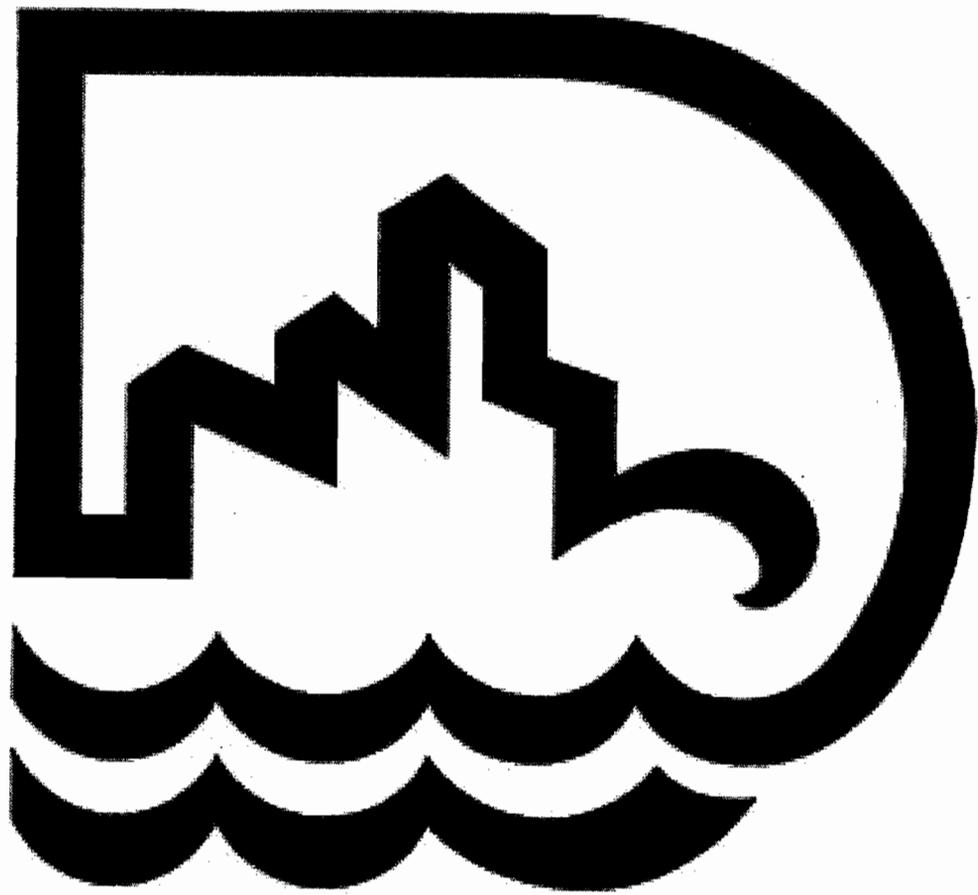
Revenue Capacity – These schedules contain information to help the reader assess Davenport's most significant local revenue source, the property tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of Davenport's current levels of outstanding debt and our ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which Davenport's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in Davenport's financial report relates to the services we provide and the activities we perform.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



CITY OF DAVENPORT

NET ASSETS BY COMPONENT,
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental activities					
Invested in capital assets, net of related debt	\$ 89,441,418	\$ 68,823,065	\$ 88,164,547	\$ 77,077,585	\$ 72,111,446
Restricted	43,140,165	52,997,137	35,494,223	40,472,202	41,416,734
Unrestricted	5,039,462	6,977,388	5,903,723	5,574,170	4,568,399
Total governmental activities net assets	<u>\$ 137,621,045</u>	<u>\$ 128,797,590</u>	<u>\$ 129,562,493</u>	<u>\$ 123,123,957</u>	<u>\$ 118,096,579</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 109,968,802	\$ 114,960,736	\$ 100,497,072	\$ 91,650,821	\$ 93,049,920
Unrestricted	12,747,591	14,110,629	13,644,118	21,741,675	18,449,449
Total business-type activities net assets	<u>\$ 122,716,393</u>	<u>\$ 129,071,365</u>	<u>\$ 114,141,190</u>	<u>\$ 113,392,496</u>	<u>\$ 111,499,369</u>
Primary government					
Invested in capital assets, net of related debt	\$ 199,410,220	\$ 183,783,801	\$ 188,661,619	\$ 168,728,406	\$ 165,161,366
Restricted	43,140,165	52,997,137	35,494,223	40,472,202	41,416,734
Unrestricted	17,787,053	21,088,017	19,547,841	27,315,845	23,017,848
Total primary government net assets	<u>\$ 260,337,438</u>	<u>\$ 257,868,955</u>	<u>\$ 243,703,683</u>	<u>\$ 236,516,453</u>	<u>\$ 229,595,948</u>

CITY OF DAVENPORT

CHANGES IN NET ASSETS,
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Governmental activities:					
General government	\$ 8,710,088	\$ 6,413,439	\$ 10,445,510	\$ 8,480,484	\$ 6,685,470
Public safety	37,866,348	35,330,398	32,069,077	29,072,920	23,906,370
Public works	18,514,994	19,152,943	18,288,161	25,266,595	27,612,830
Culture and recreation	11,831,207	15,989,106	15,273,271	14,720,304	9,793,268
Community and economic development	10,485,046	10,892,810	12,540,036	14,016,808	20,548,796
Interest on long-term debt	5,437,269	4,977,495	4,697,555	4,088,608	4,307,208
Total governmental activities expenses	92,844,952	92,756,191	93,313,610	95,645,719	92,853,942
Business-type activities:					
Sewer operations	13,275,949	12,359,594	12,336,175	11,612,949	12,072,674
Parking system	2,297,589	2,223,058	1,987,325	2,089,879	1,625,843
Rivercenter	2,044,864	2,287,829	3,856,510	3,976,124	3,220,654
Public transit	5,200,408	4,781,823	4,464,738	4,343,827	4,443,687
Public housing	1,056,560	984,783	956,687	906,413	960,487
Golf courses	2,388,785	2,204,089	2,651,694	2,142,641	2,105,937
Airport	533,995	492,146	446,777	469,150	403,870
Solid waste	4,584,023	4,148,895	4,255,444	1,256,114	1,194,442
Clean water (1)	1,684,045	1,608,951	-	-	-
Total business-type activities expenses	33,066,218	31,091,168	30,955,350	26,797,097	26,027,594
Total primary government expenses	\$ 125,911,170	\$ 123,847,359	\$ 124,268,960	\$ 122,442,816	\$ 118,881,536
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,185,830	\$ 1,807,942	\$ 1,677,053	\$ 1,547,685	\$ 1,599,974
Public safety	1,772,612	2,175,988	1,577,554	1,464,648	1,175,217
Public works	1,486,492	1,941,969	1,753,160	2,058,239	2,059,079
Culture and recreation	1,774,460	3,820,105	499,872	579,825	635,603
Community and economic development	872,306	955,624	1,066,391	1,028,891	951,787
Operating grants and contributions	14,410,329	7,016,280	9,990,710	10,022,149	9,877,782
Capital grant and contributions	4,409,902	6,043,958	8,099,263	15,163,936	13,963,733
Total governmental activities program revenues	26,911,931	23,761,866	24,664,003	31,865,373	30,263,175
Business-type activities:					
Charges for services:					
Sewer operations	10,151,322	10,348,088	10,207,702	10,455,763	10,662,507
Parking system	1,765,985	1,657,506	1,630,981	1,779,026	1,261,027
Rivercenter	918,739	1,153,477	2,693,539	2,464,777	1,792,285
Public transit	455,216	453,792	593,905	411,253	356,238
Public housing	344,286	334,919	327,173	330,757	327,964
Golf courses	2,310,782	2,358,403	2,404,051	2,246,411	2,221,928
Airport	175,622	173,624	154,581	147,081	142,965
Solid waste (1)	4,451,864	3,777,700	3,729,191	1,610,426	1,255,136
Clean water (2)	1,718,423	1,609,020	-	-	-
Operating grants and contributions	1,463,558	1,669,214	1,363,461	1,655,812	1,442,654
Capital grant and contributions	4,192,000	7,466,146	4,340,112	4,158,826	9,392,192
Total business-type activities program revenues	27,947,797	31,001,889	27,444,696	25,260,132	28,854,896
Total primary government program revenues	\$ 54,859,728	\$ 54,763,755	\$ 52,108,699	\$ 57,125,505	\$ 59,118,071

	Fiscal Year				
	2007	2006	2005	2004	2003
Net (Expense)/Revenue					
Governmental activities	\$ (65,933,021)	\$ (68,994,325)	\$ (68,649,607)	\$ (63,780,346)	\$ (62,590,767)
Business-type activities	(5,118,421)	(89,279)	(3,510,654)	(1,536,965)	2,827,302
Total primary government net expense	\$ (71,051,442)	\$ (69,083,604)	\$ (72,160,261)	\$ (65,317,311)	\$ (59,763,465)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 52,302,784	\$ 49,714,718	\$ 47,050,918	\$ 43,784,134	\$ 41,751,259
Local option sales tax	14,408,214	13,071,274	12,556,556	12,892,682	12,695,189
Hotel/motel tax	1,586,261	1,611,777	1,395,028	1,453,268	1,439,259
Franchise tax	3,355,323	3,212,235	3,293,130	3,082,228	2,680,182
Road use taxes	-	8,228,042	8,174,789	8,241,614	7,941,422
Investment earnings	3,839,767	3,010,775	1,943,966	1,542,997	1,546,216
Gain on sale of capital assets	78,176	367,546	-	-	-
Miscellaneous	41,118	362,904	295,533	291,640	333,941
Transfers	(784,469)	(11,349,849)	(970,101)	(383,019)	(611,958)
Total governmental activities	74,827,174	68,229,422	73,739,819	70,905,544	67,775,510
Business-type activities:					
Property taxes (public transit)	3,017,365	2,905,895	2,769,893	2,628,096	2,552,247
Investment earnings	790,290	698,124	462,890	344,863	444,436
Loss on donation of capital assets	(5,894,826)	-	-	-	-
Miscellaneous	66,151	65,586	56,464	74,114	5,537
Transfers	784,469	11,349,849	970,101	383,019	611,958
Total business-type activities	(1,236,551)	15,019,454	4,259,348	3,430,092	3,614,178
Total primary government	\$ 73,590,623	\$ 83,248,876	\$ 77,999,167	\$ 74,335,636	\$ 71,389,688
Change in Net Assets					
Governmental activities	\$ 8,894,153	\$ (764,903)	\$ 5,090,212	\$ 7,125,198	\$ 5,184,743
Business-type activities	(6,354,972)	14,930,175	748,694	1,893,127	6,441,480
Total primary government	\$ 2,539,181	\$ 14,165,272	\$ 5,838,906	\$ 9,018,325	\$ 11,626,223

(1) In fiscal year 2005, the city moved the solid waste division from governmental activities, public works to join the existing recycling division and made a combined solid waste business-type activity.

(2) In fiscal year 2006, the city split the clean water division from governmental activities, public works to a business-type activity.

CITY OF DAVENPORT

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund				
Reserved	\$ 5,897,658	\$ 6,466,266	\$ 5,932,616	\$ 5,050,104
Unreserved	6,658,196	7,561,989	7,173,392	7,520,660
Total general fund	<u>\$ 12,555,854</u>	<u>\$ 14,028,255</u>	<u>\$ 13,106,008</u>	<u>\$ 12,570,764</u>
All Other Governmental funds				
Reserved	\$ 32,790,103	\$ 41,987,883	\$ 33,277,257	\$ 33,305,150
Unreserved, reported in				
Special revenue funds	6,527,897	6,116,563	5,554,019	6,186,458
Capital project funds	-	(710,670)	(7,430,722)	(3,067,709)
Total all other governmental funds	<u>\$ 39,318,000</u>	<u>\$ 47,393,776</u>	<u>\$ 31,400,554</u>	<u>\$ 36,423,899</u>

Fiscal Year					
2003	2002	2001	2000	1999	1998
\$ 5,060,818	\$ 6,283,879	\$ 7,555,945	\$ 8,519,108	\$ 9,344,996	\$ 9,184,648
6,607,063	6,473,599	6,989,297	6,715,063	6,805,306	6,544,896
<u>\$ 11,667,881</u>	<u>\$ 12,757,478</u>	<u>\$ 14,545,242</u>	<u>\$ 15,234,171</u>	<u>\$ 16,150,302</u>	<u>\$ 15,729,544</u>
\$ 35,191,771	\$ 36,656,434	\$ 27,044,137	\$ 24,511,318	\$ 23,114,079	\$ 19,419,294
5,269,271	5,283,533	6,778,424	6,089,770	4,757,474	4,092,615
(3,267,011)	(4,575,568)	(6,022,870)	(3,909,857)	(5,027,372)	(1,953,265)
<u>\$ 37,194,031</u>	<u>\$ 37,364,399</u>	<u>\$ 27,799,691</u>	<u>\$ 26,691,231</u>	<u>\$ 22,844,181</u>	<u>\$ 21,558,644</u>

CITY OF DAVENPORT**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
Revenues						
Taxes	\$ 71,440,755	\$ 67,238,905	\$ 63,519,997	\$ 60,657,581	\$ 58,580,723	\$ 56,129,537
Special assessments	50,982	40,535	55,964	18,098	95,885	109,613
Licenses and permits	1,395,934	1,623,543	1,600,302	1,556,959	1,474,719	1,350,200
Intergovernmental	17,053,854	19,729,182	21,801,090	28,447,769	27,433,000	22,009,253
Charges for services	2,798,325	3,490,189	3,334,847	3,594,151	3,462,165	2,931,111
Use of monies and property	3,839,767	3,010,775	1,943,966	1,542,997	1,546,216	2,185,533
Fines and forfeits	873,092	997,004	604,751	533,863	481,059	565,819
Loan repayments	663,341	594,829	978,166	976,217	907,832	981,357
Other	2,105,786	4,308,377	3,052,499	2,820,598	1,805,786	1,429,359
Total revenues	100,221,836	101,033,339	96,891,582	100,148,233	95,787,385	87,691,782
Expenditures (1)						
General government	7,215,792	7,242,260	6,878,912	6,661,912	6,032,938	-
Public safety	36,215,539	33,930,920	31,539,164	29,666,713	19,230,179	-
Public works	11,812,816	11,789,864	11,829,081	19,305,594	32,558,630	-
Culture and recreation	9,406,214	8,632,061	7,878,176	15,270,977	12,098,168	-
Community and economic development	8,960,280	10,016,894	10,937,442	13,964,776	12,526,841	-
Policy and administration						6,885,044
Community protection						28,937,272
Human development						8,052,451
Home and community environment						19,252,381
Capital outlay	30,935,403	31,196,883	26,981,978	26,820,496	9,802,681	16,867,400
Debt service						
Principal	13,256,573	13,049,158	10,809,309	11,095,495	9,971,020	9,237,935
Interest	5,238,443	4,816,787	4,549,030	4,144,917	4,267,994	4,294,564
Bond issuance expense	68,526	105,731	35,791	230,021	47,565	
Total expenditures	123,109,586	120,780,558	111,438,883	127,160,901	106,536,016	93,527,047
Excess of revenues over (under) expenditures	(22,887,750)	(19,747,219)	(14,547,301)	(27,012,668)	(10,748,631)	(5,835,265)
Other Financing Sources (Uses)						
Bond issuance	13,940,000	35,660,000	10,355,000	27,475,000	10,140,000	13,967,750
Discount on debt issued	(51,222)	(148,544)	(18,161)	(154,069)	(51,468)	
Refunding bonds issued	10,959,625	-	-	11,337,000	-	5,885,000
Payment to refunded bond escrow agent	(11,005,000)	-	-	(11,199,276)	-	(5,816,841)
Sale of capital assets	78,176	1,643,684	95,946	69,783	12,092	17,762
Transfers in	14,210,513	14,507,366	11,876,152	12,028,025	12,158,543	12,882,356
Transfers out	(14,721,821)	(14,999,818)	(12,249,737)	(12,411,044)	(12,770,501)	(13,323,818)
Total other financing sources (uses)	13,410,271	36,662,688	10,059,200	27,145,419	9,488,666	13,612,209
Net change in fund balances	\$ (9,477,479)	\$ 16,915,469	\$ (4,488,101)	\$ 132,751	\$ (1,259,965)	\$ 7,776,944
Debt service as a percentage of noncapital expenditures	20.07%	19.94%	18.18%	15.19%	14.72%	17.65%

(1) In fiscal year 2003 the state changed the expenditure reporting categories.

Fiscal Year			
2001	2000	1999	1998
\$ 55,449,443	\$ 51,494,417	\$ 50,350,720	\$ 47,161,629
229,153	146,888	246,293	369,547
1,337,699	1,306,031	1,348,876	1,242,875
18,185,211	18,410,052	17,195,091	16,110,502
2,506,285	2,567,138	2,295,543	2,018,583
3,695,481	3,100,405	2,818,884	3,095,571
373,862	526,028	528,270	558,377
915,789	839,195	835,315	765,599
1,836,291	3,683,236	1,561,594	1,070,567
<u>84,529,214</u>	<u>82,073,390</u>	<u>77,180,586</u>	<u>72,393,250</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,734,448	6,137,854	6,122,526	6,150,700
28,519,472	25,950,411	25,079,701	23,850,409
8,011,876	7,369,459	6,583,866	6,341,776
20,240,634	18,292,576	16,604,839	17,653,147
15,096,188	13,068,506	14,103,138	22,114,490
8,844,706	8,565,623	7,977,561	8,664,007
4,007,944	4,177,680	4,370,127	4,698,980
<u>91,455,268</u>	<u>83,562,109</u>	<u>80,841,758</u>	<u>89,473,509</u>
<u>(6,926,054)</u>	<u>(1,488,719)</u>	<u>(3,661,172)</u>	<u>(17,080,259)</u>
7,870,000	4,720,000	6,225,000	9,240,000
9,020,000	-	-	16,970,000
(8,960,105)	-	-	(16,770,730)
7,308	57,300	52,831	2,642,680
11,845,657	11,991,063	11,306,479	12,428,039
(12,437,275)	(12,348,725)	(12,216,843)	(13,184,498)
<u>7,345,585</u>	<u>4,419,638</u>	<u>5,367,467</u>	<u>11,325,491</u>
<u>\$ 419,531</u>	<u>\$ 2,930,919</u>	<u>\$ 1,706,295</u>	<u>\$ (5,754,768)</u>
16.83%	18.08%	18.50%	19.84%

CITY OF DAVENPORT

ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
IN THOUSANDS OF DOLLARS

Levy Year	Fiscal Year	ACTUAL VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
1996	1998	1,861,734	734,025	148,726	14,818	178,988	90,777
1997	1999	2,036,261	878,539	166,052	16,377	224,820	86,415
1998	2000	2,073,460	888,155	167,748	15,999	205,271	82,823
1999	2001	2,276,768	965,403	181,899	17,193	199,418	57,598
2000	2002	2,332,603	997,859	183,034	17,461	197,345	32,952
2001	2003	2,583,593	1,144,674	173,102	17,933	202,306	12,730
2002	2004	2,631,773	1,166,494	171,056	18,107	209,260	979
2003	2005	2,912,339	1,296,665	167,366	14,088	221,476	602
2004	2006	3,126,797	1,317,790	165,524	14,030	230,234	919
2005	2007	3,361,503	1,437,813	162,735	14,715	233,767	1,123

Levy Year	Fiscal Year	TAXABLE VALUE					
		<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Agricultural</u>	<u>Utilities</u>	<u>Other</u>
1996	1998	1,095,254	730,733	144,452	14,671	178,988	90,777
1997	1999	1,116,872	852,823	159,384	15,648	224,790	86,415
1998	2000	1,169,802	882,995	161,135	15,847	205,271	82,823
1999	2001	1,247,654	950,025	176,148	16,402	199,418	56,784
2000	2002	1,311,263	994,595	178,421	17,274	197,344	32,952
2001	2003	1,334,571	1,118,462	173,102	17,933	202,135	12,720
2002	2004	1,351,999	1,166,494	171,056	18,107	208,836	979
2003	2005	1,410,066	1,286,675	167,366	14,088	225,060	598
2004	2006	1,498,414	1,317,790	165,524	14,030	215,864	919
2005	2007	1,545,096	1,425,136	162,735	14,715	206,783	1,113

Notes: By state law all property subject to taxation is valued every 2 years subject to an equalization action of the State Department of Revenue. The Assessor establishes actual valuation (100%) as of January 1 in a calendar year for taxes payable in the succeeding fiscal year. The actual value of property is provided by the assessor to the County Auditor who then determines the taxable value. The taxable value is computed by adjusting the actual value of various classes of property by percentages (roll back rates) determined by the State Department of Revenue. The roll back rates are applied to classes of property on a state-wide basis so that the increase in actual valuations of property in the State will not exceed 4% annually. For property values as of January 1, 2005, the roll back rate was 45.996% for residential property and .85% for commercial and other. For the remaining classes of property, the taxable value was equal to 100% of actual value.

Source: Levy rate sheet and valuation from Scott County.

<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>	<u>Total direct tax rate</u>
3,029,068	(12,868)	3,016,200	13.96%
3,408,464	(12,458)	3,396,006	13.96%
3,433,456	(12,160)	3,421,296	13.95%
3,698,279	(11,907)	3,686,372	14.63%
3,761,254	(11,716)	3,749,538	14.63%
4,134,338	(11,692)	4,122,646	14.63%
4,197,669	(11,356)	4,186,313	14.96%
4,612,536	(11,066)	4,601,470	15.24%
4,855,294	(10,756)	4,844,538	15.24%
5,211,656	(10,733)	5,200,923	15.58%

<u>Gross valuation</u>	<u>Less Military exemption</u>	<u>Net valuation</u>
2,254,875	(12,868)	2,242,007
2,455,932	(12,458)	2,443,474
2,517,873	(12,160)	2,505,713
2,646,431	(11,907)	2,634,524
2,731,849	(11,716)	2,720,133
2,858,923	(11,692)	2,847,231
2,917,471	(11,356)	2,906,115
3,103,853	(11,066)	3,092,787
3,212,541	(10,756)	3,201,785
3,355,578	(10,735)	3,344,843

CITY OF DAVENPORT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(rate per \$1,000 of assessed value)

City Direct Rates

<u>Fiscal Year</u>	<u>General</u>	<u>Tort Liability</u>	<u>Trust & Agency</u>	<u>Library (1)</u>	<u>Transit</u>	<u>Emergency</u>	<u>Debt Service</u>	<u>Total</u>
1998	8.10	0.46	3.23	-	0.91	0.27	0.99	13.96
1999	8.10	0.46	3.23	-	0.91	0.27	0.99	13.96
2000	8.10	0.46	3.23	-	0.91	0.27	0.99	13.96
2001	8.10	0.36	4.00	-	0.91	0.27	0.99	14.63
2002	8.10	0.36	4.00	-	0.91	0.27	0.99	14.63
2003	8.10	0.00	4.36	-	0.91	0.27	0.99	14.63
2004	8.10	0.34	4.36	-	0.91	0.27	0.99	14.97
2005	8.10	0.34	4.36	0.27	0.91	0.27	0.99	15.24
2006	8.10	0.30	4.40	0.27	0.91	0.27	0.99	15.24
2007	8.10	0.30	3.97	0.27	0.91	0.27	1.76	15.58

(1) First year for voter approved Library Levy was fiscal year 2005.

Source: City of Davenport Finance Department

Overlapping Rates

<u>Scott</u> <u>County</u>	<u>Davenport</u> <u>Schools</u>	<u>Area IX</u> <u>College</u>	<u>Other</u>	<u>Total</u>
4.19	15.20	0.58	0.39	34.32
3.92	15.23	0.57	0.33	34.01
4.06	14.93	0.55	0.36	33.86
4.16	15.51	0.60	0.38	35.28
4.17	15.47	0.60	0.38	35.25
4.48	16.96	0.62	0.44	37.13
4.81	17.08	0.62	0.38	37.86
4.76	17.10	0.59	0.34	38.03
5.57	17.10	0.59	0.33	38.83
5.51	17.11	0.61	0.36	39.17

CITY OF DAVENPORT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal</u> <u>Year</u>	<u>Taxes</u> <u>Levied</u>	<u>Current</u> <u>Collections</u>	<u>Percentage</u> <u>of Levy</u>
1998	33,583,657	33,335,714	99.26%
1999	36,873,426	36,558,588	99.15%
2000	38,128,886	37,449,757	98.22%
2001	41,824,538	41,127,901	98.33%
2002	43,159,271	42,499,603	98.47%
2003	44,910,592	44,143,261	98.29%
2004	46,532,163	45,815,344	98.46%
2005	50,180,308	49,586,833	98.82%
2006	53,083,691	52,441,378	98.79%
2007	55,616,871	55,351,006	99.52%

Source: Levy rate sheet from Scott County, current
collections per monthly tax allocation reports.
Information not available on delinquent collections
by levy year.

CITY OF DAVENPORT

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Name of Property	Property type	2007		% of taxable value	1998		% of taxable value
		Taxable Valuation	Rank		Taxable Valuation	Rank	
Mid American Energy	Utility	\$ 176,940,766	1	5.29%	\$ 138,887,961	1	6.19%
SDG Macerich Properties	Shopping Center	64,106,783	2	1.92%			
Iowa-American Water Co.	Utility	37,398,237	3	1.12%	36,909,364	3	1.65%
Deere & Company	Manufacturing	20,929,097	4	0.63%	36,404,007	4	1.62%
Quanex	Manufacturing	20,862,200	5	0.62%	24,916,092	6	1.11%
National Amusement Inc.	Theatre Complexes	19,897,078	6	0.59%			
Davenport 1031 LLC	Logistics	18,517,300	7	0.55%			
Northbrook Housing Partners	Property Managers	18,277,160	8	0.55%			
U S West Communications/QWEST	Utility	18,258,177	9	0.55%	14,478,935	9	0.65%
THF Davenport North Development	Realty	16,673,792	10	0.50%			
Equitable Life Assurance	Shopping Center				67,592,965	2	3.01%
Oscar Mayer & Co.	Meat Packing				26,097,497	5	1.16%
Ralston Purina Co.	Grain Milling				24,272,101	7	1.08%
Lee Enterprises	Newspaper				15,696,368	8	0.70%
Davenport Center Ltd. Partnership	Shopping Center				13,587,996	10	0.61%
Total		<u>\$ 411,860,590</u>		<u>12.31%</u>	<u>\$ 398,843,286</u>		<u>17.79%</u>

Source: Scott County Auditor's Office.

CITY OF DAVENPORT

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Other General Obligation Debt	Other Long-term Debt	General Obligation Bonds				
1998	\$ 77,419	\$ 1,081	\$ 1,573	\$ 14,136	\$ 94,209	4.07%	\$ 973	
1999	75,921	1,020	1,379	12,694	91,014	3.73%	940	
2000	72,348	954	1,173	13,582	88,057	3.48%	904	
2001	71,767	881	952	13,573	87,173	3.37%	881	
2002	77,018	801	716	22,547	101,082	3.82%	1,031	
2003	77,287	715	703	25,648	104,353	3.82%	1,066	
2004	94,701	620	407	25,109	120,837	4.36%	1,237	
2005	94,549	517	206	24,186	119,458	4.25%	1,226	
2006	117,445	404	33	22,280	140,162	4.16%	1,439	
2007	118,219	281	20	20,606	139,126	unavailable	1,424	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Demographic and economic statistics schedule for personal income and population data.

The personal income and population data is not yet available.

Source: City of Davenport Finance Department and U.S. Department of Commerce "Survey of Current Business: for Davenport, Rock Island, Moline SMSA."

CITY OF DAVENPORT

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)**

Fiscal Year	General Obligation Debt	Percentage of Taxable Value of Property (1)	Per Capita
1998	\$ 92,636	4.13%	\$ 957
1999	89,635	3.67%	926
2000	86,884	3.47%	892
2001	86,221	3.27%	872
2002	100,366	3.69%	1,024
2003	103,650	3.64%	1,059
2004	120,430	4.14%	1,233
2005	119,252	3.86%	1,224
2006	140,129	4.38%	1,439
2007	139,106	4.16%	1,424

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Assessed and Taxable Value table for property value data.

Source: City of Davenport Finance Department and Scott County Auditor's Office.

CITY OF DAVENPORT

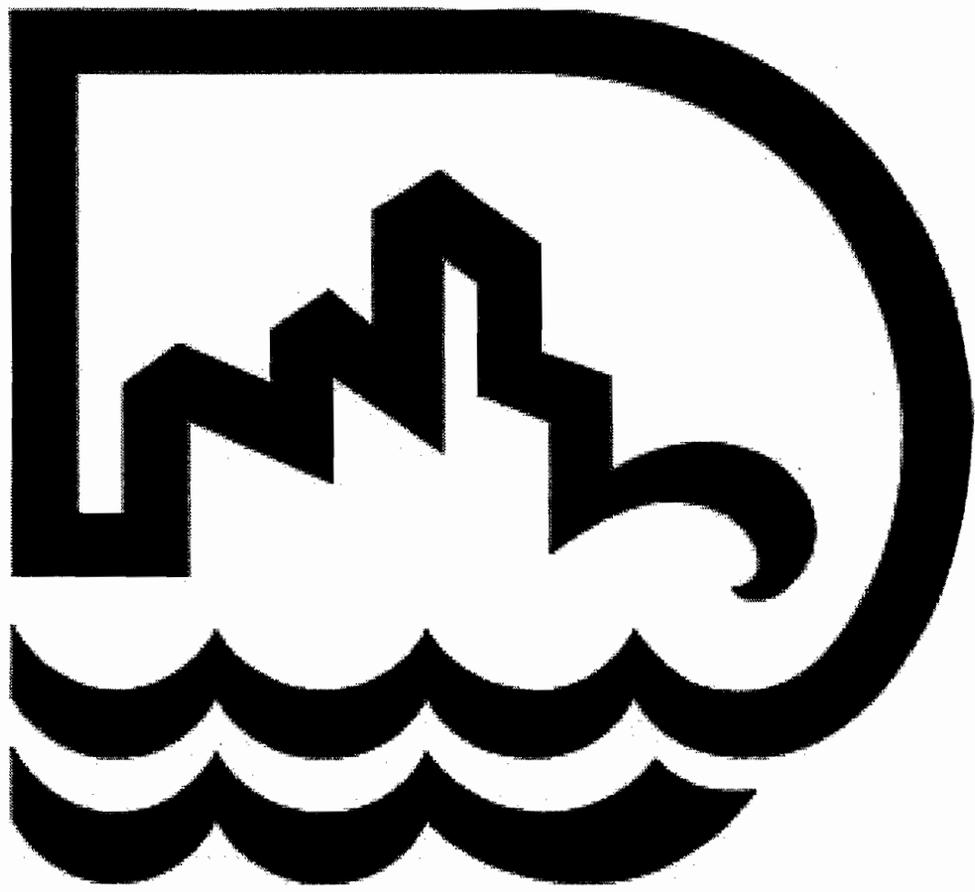
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2007

(dollars in thousands)

Governmental Unit	Debt Outstanding	Percentage applicable to City	Share of Overlapping Debt
North Scott Community School District	\$ 6,645	13.76%	\$ 914
Scott County	9,615	55.88%	5,373
Bettendorf Community School District	11,165	22.19%	2,478
Eastern Iowa Community College	4,120	33.22%	1,369
Subtotal, overlapping debt			<u>10,134</u>
City direct debt			<u>138,825</u>
Total direct and overlapping debt			<u>\$ 148,959</u>

Sources: Debt outstanding data provided by each governmental unit. Percent applicable to city provided by Scott County.



CITY OF DAVENPORT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal year	1998	1999	2000	2001
Debt limit	\$ 154,119,158	\$ 173,565,684	\$ 174,859,916	\$ 187,655,163
Total net debt applicable to limit	<u>93,399,727</u>	<u>90,259,000</u>	<u>87,314,211</u>	<u>86,443,837</u>
Legal debt margin	\$ 60,719,431	\$ 83,306,684	\$ 87,545,705	\$ 101,211,326
Total net debt applicable to the limit as a percentage of debt limit	60.60%	52.00%	49.93%	46.07%

Note: Iowa State law limits local governments debt to 5% of its gross assessed valuation.

Source: City of Davenport Finance Department.

Legal debt margin calculation for Fiscal Year 2007

Assessed valuation	\$ 5,279,559,003	
Debt limit (5% of assessed value)		\$ 263,977,950
Debt applicable to limit:		
General Obligation Bonds	138,845,000	
Tax Increment Financing Rebate Agreements	9,238,966	
Other General Obligation Debt	280,886	
Total G.O. Indebtedness		<u>148,364,852</u>
Legal debt margin		<u>\$ 115,613,098</u>

2002	2003	2004	2005	2006	2007
\$ 190,875,662	\$ 208,925,388	\$ 211,734,034	\$ 232,991,693	\$ 246,426,202	\$ 263,977,950
<u>100,366,235</u>	<u>103,649,548</u>	<u>129,560,074</u>	<u>128,381,797</u>	<u>148,929,153</u>	<u>148,364,852</u>
\$ 90,509,427	\$ 105,275,840	\$ 82,173,960	\$ 104,609,896	\$ 97,497,049	\$ 115,613,098
52.58%	49.61%	61.19%	55.10%	60.44%	56.20%

CITY OF DAVENPORT

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Year	Population (1)	Personal Income (2)	Per Capita Personal Income	School Enrollment (3)	Unemployment Rate (4)
1998	96,800	\$ 2,314,100,800	\$ 23,906	17,027	3.2%
1999	96,800	2,437,230,400	25,178	16,904	2.7%
2000	97,400	2,532,692,200	26,003	17,181	3.0%
2001	98,900	2,589,795,400	26,186	16,831	2.9%
2002	98,000	2,646,490,000	27,005	17,210	3.7%
2003	97,900	2,729,354,100	27,879	16,544	4.7%
2004	97,700	2,773,116,800	28,384	16,077	4.5%
2005	97,400	2,811,840,600	28,869	15,543	4.8%
2006	97,400	3,366,046,600	34,559	15,674	4.3%
2007	97,682	unavailable	unavailable	15,365	4.1%

Sources:

- (1) Sales and Marketing Management, Survey of Buying Power, September issues.
 - (2) U. S. Department of Commerce "Survey of Current Business" for Davenport, Rock Island, Moline SMSA as of calendar year end.
 - (3) Davenport Community School District based on census at start of school year.
 - (4) Iowa Workforce Development, for Davenport as of calendar year end.
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CITY OF DAVENPORT

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	12/31/2006			12/31/1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Genesis Medical Centers	3,075	1	6.21%	3,000	1	6.05%
Davenport Community Schools	2,283	2	4.61%	2,537	2	5.11%
Kraft Foods/Oscar Mayer	1,650	3	3.33%	1,875	3	3.78%
Eastern Iowa Community College	901	5	1.82%	710	6	1.43%
APAC Teleservices	1,100	4	2.22%	650	7	1.31%
City of Davenport	957	6	1.93%	1,057	4	2.13%
John Deere Davenport Works	875	7	1.77%	625	8	1.26%
Sears Manufacturing	600	8	1.21%			
United Parcel Service	590	9	1.19%	585	10	1.25%
Von Maur	560	10	1.13%	620	9	1.25%
President Riverboat Casino				1,000	5	2.02%
	12,591		25.43%	12,659		25.59%

Source: Quad City Development Group, Davenport Chamber of Commerce, Iowa Department of Job Service.

CITY OF DAVENPORT

**FULL-TIME & PART-TIME EMPLOYEES BY FUNCTION
LAST TEN CALENDAR YEARS
June 30, 2007**

FUNCTION/PROGRAM	2006		2005		2004		2003		2002	
	FULL TIME	PART TIME								
PUBLIC SAFETY										
Police	209	24	203	24	198	24	203	24	203	25
Fire	149	2	143	-	140	-	144	-	146	-
PUBLIC WORKS	280	26	295	18	293	18	310	21	311	22
CULTURE & RECREATION										
Leisure Facilities and Services	38	32	33	45	36	45	43	40	44	33
Library	43	32	42	22	35	22	36	24	34	27
Museum of Art	-	-	-	(2)	-	-	9	4	10	3
COMMUNITY & ECONOMIC DEVELOPMENT	33	11	46	6	46	6	43	-	40	1
GENERAL GOVERNMENT										
Mayor	2	-	2	-	2	-	2	-	2	-
Council	1	10	1	10	1	10	1	10	1	10
Finance	22	2	23	-	28	-	28	-	31	-
Information Technology	9	1 (3)	7	1						
Administration	7	-	5	-	5	-	5	-	5	-
Legal	5	-	5	-	5	-	6	-	7	-
Human Resources	6	6	6	1	7	1	5	-	6	-
Civil Rights	4	3	4	4	4	4	4	1	5	-
Total	<u>808</u>	<u>149</u>	<u>815</u>	<u>131</u>	<u>800</u>	<u>130</u>	<u>839</u>	<u>124</u>	<u>845</u>	<u>121</u>

(1) In 2000 the city entered into a management agreement with Compass Facilities Management, Inc. to manage, operate and market the RiverCenter and Adler Theatre. Employees working at these facilities at 12/31/00 were Compass employees whereas they were City employees in prior years.

(2) In 2004 the Museum of Art became a stand alone entity whereas in prior years the employees were City employees.

(3) In 2005 Information Technology became a stand alone department. It had previously been reported with Finance.

Source: City of Davenport Department of Human Resources.

2001		2000		1999		1998	
FULL TIME	PART TIME						
202	28	197	25	197	23	196	23
148	-	147	-	146	-	145	-
303	22	291	23	38	1	38	-
46	39	45	19 (1)	295	22	289	26
37	25	36	23	36	23	35	28
16	8	14	8	15	9	15	9
38	-	37	1	44	32	43	12
2	-	2	-	2	-	2	-
1	10	1	11	1	11	1	11
33	-	30	-	29	-	29	1
4	-	3	-	4	1	4	1
6	-	7	-	7	-	7	-
7	-	8	-	8	-	7	-
4	1	3	1	2	1	3	1
847	133	821	111	824	123	814	112

CITY OF DAVENPORT**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2007**

FUNCTION/PROGRAM	FISCAL YEAR				
	2007	2006	2005	2004	2003
PUBLIC SAFETY					
Fire calls answered	13,257	12,294	11,729	11,420	11,177
Police-arrests	(1) 9,813	8,919	7,740	7,608	7,472
Construction permits issued	2,051	2,328	2,659	2,690	2,918
PUBLIC WORKS					
Refuse collected (cu yds per year)	71,000	71,627	71,324	70,878	71,481
Gallons of wastewater processed (in millions)	(1) 7,300	6,424	7,292	8,457	6,952
Yard waste composted (cu yds)	107,361	68,739	90,226	92,042	100,904
Citibus ridership	1,045,550	982,663	940,046	881,947	866,001
Utility service customers	40,000	40,000	38,340	38,000	38,000
CULTURE & RECREATION					
Rounds of golf played	113,128	111,329	109,499	112,712	110,158
Swimming pools attendance	31,000	27,373	33,064	27,063	33,729
Recreation programs available	554	410	305	298	unavailable
Recreation program enrollment	48,301	53,517	37,097	4,433	unavailable
Library - walk-in patrons served	390,394	307,330	279,751	295,963	311,733
COMMUNITY & ECONOMIC DEVELOPMENT					
Planning & zoning-final development review	15	15	23	10	23
Households assisted with rental assistance	680	672	711	725	747

(1) Statistics are reported on a calendar year basis.

Source: Various City of Davenport departments.

FISCAL YEAR				
2002	2001	2000	1999	1998
11,248	10,926	10,142	10,067	9,698
7,178	7,223	6,999	7,761	7,138
3,352	4,020	2,775	2,807	2,967
73,206	74,224	66,994	65,641	66,099
8,722	9,816	8,869	unavailable	unavailable
95,850	98,834	104,411	101,096	85,859
unavailable	unavailable	unavailable	unavailable	unavailable
38,000	38,000	38,000	38,000	38,000
89,892	90,830	124,185	118,017	114,812
61,790	42,893	35,625	49,993	28,461
unavailable	unavailable	unavailable	unavailable	unavailable
unavailable	unavailable	unavailable	unavailable	unavailable
309,693	310,531	306,759	311,838	331,527
20	23	unavailable	unavailable	unavailable
617	616	642	unavailable	unavailable

CITY OF DAVENPORT

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
June 30, 2007**

FUNCTION/PROGRAM	FISCAL YEAR				
	2007	2006	2005	2004	2003
PUBLIC SAFETY					
Police cars	94	77	68	62	72
Fire stations	7	7	7	7	7
Fire trucks	14	13	13	13	14
PUBLIC WORKS					
Streets (miles)	692	690	684	684	581
Traffic signals	151	150	146	144	138
Street lights	9,456	9,237	9,263	9,174	8,947
Refuse collection trucks	36	48	40	42	37
Buses	20	20	20	25	30
CULTURE & RECREATION					
Golf courses	4	4	4	4	3
Acres of parks	1,700	1,700	1,700	1,700	1,700
Swimming pools	4	4	4	4	4
Libraries	2	2	1	1	1

Note: No capital asset indicators are available for General Government and Community & Economic Development functions.

Source: City of Davenport Summary of Fixed Assets Report.

FISCAL YEAR				
2002	2001	2000	1999	1998
61	63	unavailable	unavailable	unavailable
7	7	7	7	7
14	14	unavailable	unavailable	unavailable
581	581	574	566	563
134	125	122	121	112
8,815	8,766	8,732	8,403	8,037
36	35	unavailable	unavailable	unavailable
19	19	unavailable	unavailable	unavailable
3	3	3	3	3
1,700	1,700	1,700	1,700	1,700
4	3	3	3	3
1	1	1	1	1
